PALMERSTON NORTH CITY COUNCIL

AGENDA

PLANNING & STRATEGY COMMITTEE

9AM, WEDNESDAY 30 JUNE 2021

COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERSHIP

Aleisha Rutherford (Chairperson)
Patrick Handcock ONZM (Deputy Chairperson)
Grant Smith (The Mayor)

Brent Barrett
Rachel Bowen
Zulfiqar Butt
Renee Dingwall
Leonie Hapeta
Lorna Johnson
Billy Meehan
Bruno Petrenas
Orphée Mickalad

Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

W **pncc.govt.nz** | E **info@pncc.govt.nz** | P **356 8199**
Private Bag 11034, 32 The Square, Palmerston North

PLANNING & STRATEGY COMMITTEE MEETING

30 June 2021

ORDER OF BUSINESS

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

5. Confirmation of Minutes Page 7

"That the minutes of the Planning & Strategy Committee meeting of 12 May 2021 Part I Public be confirmed as a true and correct record."

6. Palmerston North Housing Capacity Assessment Report - June 2021 Page 11

Memorandum, presented by Michael Duindam, Acting City Planning Manager.

7. Whiskey Creek Private Plan Change Request Page 115

Memorandum, presented by Michael Duindam, Acting City Planning Manager.

8. Committee Work Schedule - June 2021 Page 121

9. Exclusion of Public

To be moved:

"That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

PALMERSTON NORTH CITY COUNCIL

Minutes of the Planning & Strategy Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 12 May 2021, commencing at 9.01am

Members Present: Councillor Aleisha Rutherford (in the Chair), The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Bruno Petrenas and Orphée Mickalad.

Non Members: Councillors Vaughan Dennison and Karen Naylor.

Apologies: Councillors Susan Baty (late arrival on Council Business) and Lew Findlay QSM.

Councillor Susan Baty entered the meeting at 9.03am during consideration of clause 10. She was not present for clause 9.

Councillor Vaughan Dennison left the meeting at 9.47am during consideration of clause 12, and entered the meeting again at 9.50am after consideration of clause 12. He was not present for clause 12.

9-21 Apologies

Moved Aleisha Rutherford, seconded Patrick Handcock ONZM.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 9-21 above was carried 14 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Aleisha Rutherford, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Orphée Mickalad.

10-21 Public Comment

Mr Andrew Simpson made public comment and tabled a petition from 22 residents of East Street requesting that the Council install two speed bumps, to reduce speed and noise, and a median barrier, to stop motorists from cutting the corner, on East Street. Mr Simpson stated that the traffic calming measures would increase safety and quality of life on the street.

The meeting adjourned at 9.25am.
The meeting resumed at 9.32am.

In discussion it was agreed to refer the public comment and petition to the Chief Executive for additional consideration.

Moved Brent Barrett, seconded Aleisha Rutherford.

The **COMMITTEE RESOLVED**

1. That the public comment from Mr Andrew Simpson be received for information.

2. That the Chief Executive report back on road user behaviour, including temporary and permanent options for mitigating safety concerns in response to the petition of East Street residents to the Planning & Strategy Committee in August 2021.

Clause 10-21 above was carried 15 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Aleisha Rutherford, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Orphée Mickalad.

11-21 Confirmation of Minutes

Moved Aleisha Rutherford, seconded Patrick Handcock ONZM.

The **COMMITTEE RESOLVED**

1. That the minutes of the Planning & Strategy Committee meeting of 10 March 2021 Part I Public be confirmed as a true and correct record.

Clause 11-21 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Aleisha Rutherford, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Orphée Mickalad.

Abstained:
Councillor Susan Baty.

12-21 The Future Use of Summerhays Street/ Former Terrace End Bowling Club
Memorandum, presented by David Murphy, Acting General Manager Strategy & Planning, and Keegan Aplin-Thane, Planner.

Councillor Vaughan Dennison left the meeting at 9.47am.

Moved Aleisha Rutherford, seconded Patrick Handcock ONZM.

The **COMMITTEE RECOMMENDS**

1. That the Statement of Proposal for "The Future Use of Summerhays Street/ Former Terrace End Bowling Club", included as attachment one to the report titled 'The Future Use of Summerhays Street/Former Terrace End Bowling Club' presented to the Planning & Strategy Committee on 12 May 2021, be approved for public consultation.
2. That the Chairperson and Deputy Chairperson of the Planning and Strategy Committee be given delegated authority to approve minor amendments to the Statement of Proposal for "The Future Use of Summerhays Street/ Former Terrace End Bowling Club."

Clause 12-21 above was carried 14 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Aleisha Rutherford, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Orphée Mickalad.

Councillor Vaughan Dennison entered the meeting again at 9.50am.

13-21 Committee Work Schedule - May 2021

Moved Aleisha Rutherford, seconded Patrick Handcock ONZM.

The **COMMITTEE RESOLVED**

1. That the Planning & Strategy Committee receive its Work Schedule dated May 2021.

Clause 13-21 above was carried 15 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Aleisha Rutherford, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Orphée Mickalad.

The meeting finished at 9.51am

Confirmed 30 June 2021

Chairperson

MEMORANDUM

TO:	**Planning & Strategy Committee**
MEETING DATE:	**30 June 2021**
TITLE:	**Palmerston North Housing Capacity Assessment Report - June 2021**
DATE:	**28 May 2021**
PRESENTED BY:	**Michael Duindam, Acting City Planning Manager**
APPROVED BY:	**David Murphy, Chief Planning Officer**

RECOMMENDATIONS TO PLANNING AND STRATEGY COMMITTEE

1. **That the Palmerston North Housing Capacity Assessment Report – June 2021 presented to the 30 June 2021 Planning & Strategy Committee, included as attachment 1 to this memorandum, be received.**
2. **That the housing targets in section 7.6 and recommendations in sections 9.1 to 9.6 of the Palmerston North Housing Capacity Assessment Report - June 2021, be adopted.**
3. **That the Urban Development Capacity Indicators 2020 Annual Report presented to the 30 June 2021 Planning & Strategy Committee, included as attachment 2 to this memorandum, be received.**

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1. ISSUE

1.1 The Council must produce a Housing Capacity Assessment under the National Policy Statement for Urban Development 2020 (NPSUD). It is also required to monitor and report on specific urban development indicators.

1.2 The Housing Capacity Assessment Report is a technical research report that will inform future strategy and policy decisions made by the Council. For example, the preparation of a Future Development Strategy under the NPSUD and future changes to the Palmerston North City District Plan. The assumptions in this document are consistent with those included in the Draft 10-Year Plan 2021-31.

1.3 Council is also required to set targets for housing to guide planning and infrastructure delivery to support growth. A summary of the recommended targets is listed in section 3.3 of this memorandum.

1.4 Council is also required to ensure that sufficient housing capacity is available in the short, medium and long terms. A range of recommendations for addressing housing supply are summarised in section 3.4 of this memorandum.

1.5 The Housing Capacity Assessment – June 2021 is included as Attachment One.

2. BACKGROUND

Housing capacity assessment

2.1. The Housing Capacity Assessment has been prepared to meet the Council's requirements under the NPSUD. It requires local authorities with urban area resident populations of over 30,000 people to, on at least a three-yearly basis, carry out a housing capacity assessment that:

a. Provides information on the demand and supply of housing and the impact of planning and infrastructure decisions. This includes the demand for dwellings by typology and market values, and the supply of development capacity to meet that demand, in the short, medium and long terms; and

b. Informs RMA planning documents, Future Development Strategies and Long-Term Plans; and

c. Quantify the development capacity that is sufficient to meet expected demand for housing and for business land in the short term, medium term and long term.

Under Policy 7 of the NPSUD local authorities are to provide an additional 20% competitive margin for the short and medium term, and 15% in the long term above the projected rate of demand. This sets bottom lines that are over and above the expected demand to allow for changes in the market over time and to improve affordability by ensuring there is more supply than necessary.

Urban Development Capacity Indicators

2.2 The 2020 annual report for urban development capacity indicators outlines key market trends, which can inform future decision-making regarding responding to housing and business needs

2.3 The Urban Development Capacity Indicators 2020 Annual Report is included as Attachment Two.

3. OVERVIEW

Housing capacity assessment

3.1 The Housing Capacity Assessment identifies that strong economic and population growth is likely to remain over the next 10 to 15 years. This means that housing demand will also continue to be strong and will need to be accommodated.

3.2 Housing affordability in Palmerston North remains favourable compared with most New Zealand urban areas. However, affordability is declining, with strong growth in house prices over the past four years. While the average market value of a house in Palmerston North is now $687,537, this is still $200,000 less than the national average.

3.3 The Housing Capacity Assessment report outlines PNCC growth targets for the next 30 years. These targets have been prepared to comply with the NPSUD and are based off preferences influenced by building consents over the past 20 years, but in particular the past 3 years. These targets are:

<u>Short-term</u>

- Infill 55% (including multi-unit and minor dwellings)
- Greenfield 40%
- Rural/rural-residential 5%

<u>Medium-term</u>

- Infill 45% (including multi-unit and minor dwellings)
- Greenfield 50%
- Rural/rural-residential 5%

<u>Long-term</u>

- Infill 40% (including multi-unit and minor dwellings)
- Greenfield 55%
- Rural/rural-residential 5%

3.4 These targets have been prepared to comply with the NPSUD and reflect the likely result if the Council does nothing more than deliver the proposed additional greenfield areas with limited or no further policy support to assist with increasing housing intensification.

3.5 Despite these NPSUD targets, the Council's objective is to attempt to maximize housing intensification through:

a. Ongoing monitoring and review of residential zone planning provisions as they apply to apartments, infill subdivision, medium density and minor dwellings.

b. Master planning of new greenfield areas to deliver a range of housing typologies and increasing yield.

c. Working with developers to co-create new forms of housing through the delivering change programme.

d. Demonstrating leadership by repurposing Council land to deliver housing topologies not typically provided by the market.

e. Designing an ultimate urban edge into new urban developments to start to signal housing development will not continue to sprawl into adjacent rural

f. Monitoring resource management reform and advocating for a planning system that will better support urban intensification.

3.6 Alternative methods that could be explored via the Future Development Strategy, Low Carbon Road Map and future District Plan changes include:

a. Regulating for particular density outcomes.

b. Putting in place urban limits.

c. Significant repurposing of Council owned land for housing, e.g. further development of underutilised reserves and partial relocation of sports fields to the urban edge.

3.7 If the methods outlined in sections 3.5 and 3.6 of this memorandum are successful, the targets can be adjusted over time and the proposed new greenfield areas will provide growth for in excess of 30 years.

3.8 The Housing Capacity Assessment makes a range of recommendations to address housing supply over the short, medium and long terms. These are addressed in sections 9.1 to 9.6 of the attached report and can be summarised as:

- Rezone additional greenfield capacity at Aokautere, Ashhurst and Kakatangiata.

- Promote multi-unit development and minor dwellings.
- Investigate lowering the minimum lot size from 350m2 in the residential zone.
- Investigate options to lower the minimum lot size from 500m2 in Ashhurst.
- Partner with the development community to encourage intensification.
- Repurpose underutilised Council land for housing.
- Enable intensification in more locations and investigate requiring intensification in some locations.

3.9 The Housing Capacity Assessment provides part of the evidence base required to deliver the changes necessary to the District Plan to give effect to the NPSUD, Innovative and Growing City Strategy and City Growth Plan. It also supports the growth assumptions and strategic framework in the Draft 10-Year Plan 2021-31.

Urban development capacity indicators

3.10 The 2020 annual urban development indicator report demonstrates there was strong growth in house prices and rents in the last six months of 2020. This suggests further demand for the construction of new housing during 2021 and potential land supply constraints.

3.11 Palmerston North’s economy grew by 0.6% in the December 2020 quarter, but declined by 0.7% in the year to December 2020 (Infometrics provisional estimate). GDP for New Zealand declined by 2.6% in the year ended December 2020.

3.12 Population growth strengthened in the year to June 2020, increasing by 1,300 people between June 2019 and June 2020, an increase of 1.5% (Statistics New Zealand provisional estimates).

3.13 The number of filled jobs in the city declined by 0.9% between December 2019 and December 2020. That followed an increase of 4.1% in the year to December 2019, with a significant increase in construction activity boosting jobs in the city. The decline is also due to revisions to Defence Force jobs at Linton and Ohakea.

3.14 Electronic card retail spending in Palmerston North was $1,181 million in the year ended December 2020, a decline of 2.2%, while national spending declined by 3.7%.

3.15 The Palmerston North inner CBD area attracted one-third of retail spending in the City in the 12 months ended January 2021 ($386 million) while the outer CBD area attracted a further 15% ($185 million).

3.16 Further detail on urban development trends for 2020 are contained in the attached Urban Development Capacity Indicators report.

4. NEXT STEPS

4.1 Housing targets will need to be included in the District Plan. This is an administrative task that does not require a plan change.

4.2 Changes to the District Plan will be required to increase supply. Many of these changes are already under way, including the preparation of plan changes to enable additional housing in Aokautere, Ashhurst and Kākātangiata. Consultation is also already underway to repurpose Summerhays Street Reserve for housing. Repurposing of Huia Street Reserve for housing is also in progress but requires legislation changes that specifically apply to the site before it can proceed.

4.3 The Housing Capacity Assessment will be a useful reference document to inform the work of the Housing Steering Group. It is suggested that the Housing Steering Group receive a briefing on the contents of the Housing Capacity Assessment at its next meeting.

4.4 Ongoing monitoring of housing and business indicators will continue, to support future decision-making.

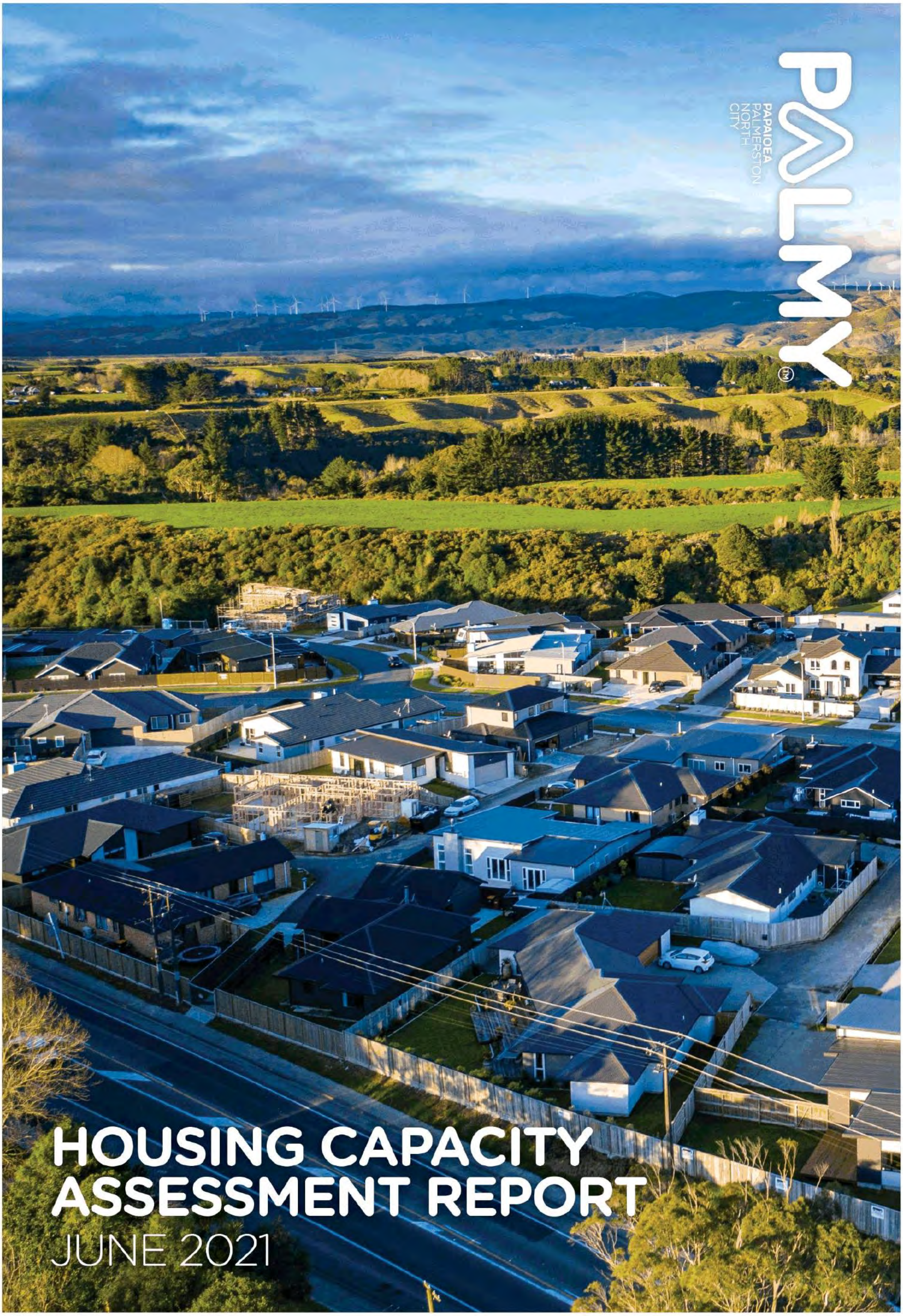
5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? Section 182 of the Delegations Manual	**Yes**
Are the decisions significant?	**No**
If they are significant do they affect land or a body of water?	**No**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**No**
Is there funding in the current Annual Plan for these actions?	**Yes**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the	
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan The action is: Implement the NPS on Urban Development, including Housing and Business Needs Assessments, monitoring affordability indicators and a new detailed Future Development Strategy.	
Contribution to	The Housing and Business Development Capacity Assessment required

strategic direction	under the National Policy Statement on Urban Development Capacity has been useful for informing the work which needs to be done by Council to implement the City Development Strategy and the Housing and future Development Plan. It will also inform future changes to the District Plan and the zoning changes needed to accommodate growth in the city.

ATTACHMENTS

1. Housing Capacity Assessment 2021 ⇩
2. Urban Development Capacity Indicators 2020 Annual Report ⇩


PALMY
PAPAIOEA
PALMERSTON
NORTH
CITY
HOUSING CAPACITY
ASSESSMENT REPORT
JUNE 2021

Executive Summary

Palmerston North is experiencing a surge in population growth, placing pressures on the city's housing stock. The National Policy Statement for Urban Development (NPSUD 2020) legally requires territorial authorities to report on their housing supply, demand and feasible capacity. The NPSUD (2020) ensures that New Zealand's urban areas are well functioning and meet the needs of our diverse communities.

This report provides a comprehensive analysis on the demand, supply, capacity and future housing targets for Palmerston North. In the year 2020, a net of 429 additional dwellings were consented, up from 220 in 2016. Building consent data over the past three years indicates a strong demand for infill housing in the city, with it becoming our main housing typology making up 56% of new builds. Greenfield has now become the city's secondary typology at 37%, with its share reducing by 17% over the past 3 years. Rural/residential development has increased from 6% in 2018/2019 to 10% in 2020, which is due to development taking place in rural/residential subdivisions such as Kingsdale Park and Hartwell Drive.

The majority (69%) of new builds are three- or four-bedroom houses. However, there is a growing demand for one- or two-bedroom homes, as the social housing register[1] demonstrates. 85% of the 685 families on the social housing register require a one- or two-bedroom home. Furthermore, demographic data for the city shows that the average household size is 2.6 people, which is expected to decline. This suggests that the larger houses being constructed currently will not best meet future demands of the City. Smaller houses and intensification will need to make up a larger proportion of newer houses being built to meet future housing demand.

Quotable Value (QV) expects that growth in house and land prices is expected to continue in Palmerston North. Latest figures from QV suggest a 34.3% increase in houses prices in the year to May 2021. However, the city remains $200,000 below the national average.

As of June 2021, there are:

- **1320** lots available for greenfield growth.
- **1417** lots with potential for infill development (without the need to move or remove an existing home).
- **2000+ ha** of rural land available for subdivision.

Projections from Infometrics detail a need for **12,970** extra dwellings over the next 30 years, to cater for a population of 121,664[2] by 2051.

The NPSUD (2020) requires PNCC to enable housing and provide infrastructure to support its development in the short, medium and long terms, including an additional competitiveness margin. There is sufficient supply to meet demand over the next 3 years (short-term). However, more land will be required to be rezoned to

[1] National housing register not PNCC social housing waitlist.
[2] Including competitive margins (20% of short/medium terms and 15% for the long term)

accommodate greenfield development for the medium and long-terms. Significant District Plan changes are currently under development to address greenfield supply. This includes planning for Aokautere, Kākātangiata and Ashhurst. These plan changes are intended to provide additional capacity for approximately 8,700 dwellings. A residential zone review is also in its initial research and investigation stage. This plan change will seek to give effect to the intensification requirements of the NPSUD. Once these plan changes are completed, housing needs will be catered for in excess of 30 years, particularly if housing preferences continue to follow the recent trend of favouring infill/intensification.

Furthermore, there are signs that population growth is higher than projected by Infometrics and the average household size is set to decrease, which may suggest a need for more housing than expected (see section 3.6 and 5.2). This will need to be confirmed through future projections, and addressed through future housing needs assessments, District Plan Changes and Long-Term Plans.

There is a high demand for housing over the short term, influenced by past years of undersupply. This is further pressured from a sudden surge in population and economic growth into the city which has not been seen since the 1970's.

This report recommends the following actions to address housing supply;

- Rezone additional greenfield capacity at Aokautere, Ashhurst and Kākātangiata.
- Promote multi-unit development and minor dwellings.
- Investigate lowering the minimum lot size from 350m2 in the residential zone.
- Investigate lowering the minimum lot size from 500m2 in Ashhurst.
- Partner with the development community to encourage intensification.
- Repurpose underutilised Council land for housing.
- Enable intensification in more locations and investigate requiring higher density outcomes for redevelopment in certain locations, through future changes to the District Plan.

The NPSUD (2020) requires PNCC to set housing bottom lines (growth targets) which must be inserted into the District Plan and Regional Policy statements. Our targets, influenced by market preferences through building consent approvals, are:

Short-term

- Infill 55% (including multi-unit and minor dwellings)
- Greenfield 40%
- Rural/rural-residential 5%

Medium-term

- Infill 45% (including multi-unit and minor dwellings)
- Greenfield 50%
- Rural/rural-residential 5%

Long-term

- Infill 40% (including multi-unit and minor dwellings)

- Greenfield 55%
- Rural/rural-residential 5%

These targets have been prepared to comply with the NPSUD and reflect the likely result if the Council does nothing more than deliver the proposed additional greenfield areas with limited or no further policy support to assist with increasing housing intensification.

Despite these NPSUD targets, the Council's objective is to attempt to maximize housing intensification through:

a) Ongoing monitoring and review of residential zone planning provisions as they apply to apartments, infill subdivision, medium density and minor dwellings.

b) Master planning of new greenfield areas to deliver a range of housing typologies and increasing yield.

c) Working with developers to co-create new forms of housing through the delivering change programme.

d) Demonstrate leadership by repurposing Council land to deliver housing topologies not typically provided by the market.

e) Designing an ultimate urban edge into new urban developments to start to signal housing development will not continue to sprawl into adjacent rural areas.

f) Monitoring resource management reform and advocating for a planning system that will better support urban intensification.

Alternative methods that could be explored via the Future Development Strategy, Low Carbon Roadmap and future District Plan changes include:

a) Regulating for particular density outcomes.

b) Putting in place urban limits.

c) Significant repurposing of Council owned land for housing, e.g. Further development of underutilised reserves and partial relocation of sports fields to the urban edge.

Table of Contents

1 Introduction

This Housing Capacity Assessment provides an update to the 2019 Housing and Business Development Capacity Assessment (Called HBNA under the National Policy Statement for Urban Development (NPSUD)). This report focuses exclusively on housing, as required by the NPSUD, and is primarily based on analysis of housing data from January 2018 to December 2020.

Palmerston North is a tier 2 city under the National Policy Statement for Urban Development 2020 (NPS – UD 2020). Tier 2 councils are required to prepare a Housing Needs Assessment (HNA) update by the 31st of July 2021 to inform the Council's Long-Term Plan development. It is also intended to inform future land-use planning and infrastructure provision to support growth for housing in the short (0-3 years), medium (4-10 years) and long term (10 – 30 years). This report fulfils this requirement.

The key findings in this report include:

- Infill development has increased over the past three years and is now the main housing typology for new builds. Infill development is spread across the city and is no longer occurring mostly in Hokowhitu and Roslyn, as it was three years leading up to 2019. It has been noted this may be due to land price increases throughout the city, making it more attractive for landowners to realise the value of their property through subdivision.
- There are 685 families currently on the social housing register in Palmerston North, as at December 2020. Kainga Ora aim to build an additional 300 homes by 2024, meaning there is a shortage of social housing over the short term, unless other social housing providers meet these needs. It also suggests that there is a lack of affordable rental housing supply, which is driving demand for social housing.
- There is a demand of **11,095** homes required by 2051 and our target is to provide **12,970** homes (including additional competitive margins). This is based on the average Palmerston North household size of 2.6 persons, which is expected to decline over the next 30 years.
- There are **1320** lots available for greenfield development (subject to consenting).
- There are **1,417** lots readily available for infill development (subject to consenting). This figure reflects infill opportunities that do not require the removal or movement of an existing home to accommodate an additional dwelling. Significantly more capacity (over 11,000 units) is available if older housing stock is removed and sites are subdivided to their maximum potential.
- There is **2,000+** hectares of rural land available for rural-residential subdivision (subject to consenting).
- There has been fluctuations of under supply over the past 30 years, especially during and after the 2008 financial crisis which has led to poor supply outcomes for the short term in Palmerston North, accelerated by recent strong economic growth.

- Short-term growth demands can be accommodated, but District Plan changes and infrastructure investment will need to be advanced to enable additional capacity to meet future medium and long-term growth needs. These plan changes are currently under development and expected to be notified in late 2021. The 2021-31 Long Term Plan includes programmes and budgets to develop the necessary infrastructure to support projected growth.

As of June 2020, Palmerston North has a population of 90,400 people which is expected to grow by 450[3]-1350[4] people each year, over the next 30 years. To accommodate this surge in growth, more housing capacity must be provided.

[3] Low growth projection
[4] High growth projection

2 NPS – UD 2020

2.1 Overview

This Housing Capacity Assessment differs to the 2019 Housing and Business Needs Assessment, as a result of the 2020 NPSUD replacing the 2016 NPSUDC. This section will provide an overview of the changes that are relevant to this HCA report.

Palmerston North is a tier 2 city under the NPSUD. The NPSUD places additional requirements on PNCC than what applied under the NPSUDC. Requirements include:

- Bottom lines for development capacity to meet expected housing demand needs, including:
    - competitive margins
    - Provision of choice for different members of the community
    - And inclusion of these targets in the District Plan.
- Higher levels of engagement and decision making. Including, taking into account the principles of the Treaty of Waitangi.
- Councils must notify the Minister for the Environment if they have insufficient development capacity for the short, medium and long term.
- Setting objectives for council to contribute to housing affordability through planning decisions that support competitive land and development markets.
- Providing for intensification by building at densities that reflect demand for use, accessibility from planned and future active transport linkages.
- Local authorities must be responsive to unanticipated plan changes.

2.2 Bottom lines and Targets under NPS

Bottom lines are a new requirement under the NPSUD 2020. A housing bottom line is the amount of development capacity that is sufficient to meet demand, including additional competitive margins. As a tier 2 council, PNCC must produce bottom lines for housing for the short medium and long term into district plans and regional policy statements. Any other RMA planning documents must be changed to give effect to these bottom lines.

What needs to be included in District Plans:

- Demand for different housing typologies that are categorised by type and location – based on the past 3 years.
- Development capacity of future growth areas and lots to meet demand for infill, greenfield and rural typologies.
- PNCC growth targets with competitive margins of 20% for the short/medium term and 15% in the long term.

Targets that have been developed from the findings of this report and can be found in **section 7.6**.

2.3 Engagement

There are some new objectives and policies regarding engagement in the 2020 NPSUD. In the 2016 NPSUDC, engagement was at a lower level, only requiring input from iwi, property developers and infrastructure providers. Strong encouragement of working together with those within urban boundaries was encouraged, especially infrastructure providers. In the NPSUD (2020), there is a higher level of engagement required, as illustrated in Figure 1 below:

Figure 1 New engagement guidelines. Source: MfE (2020[5]).

Engagement in urban planning	Section	Where	Status
Taking into account the principles of the Treaty of Waitangi (te Tiriti o Waitangi)			
Sets an objective for planning decisions and FDSs to take into account the principles of the Treaty of Waitangi.	Objective 5	all	new
Sets minimum requirements for local authorities when taking into account the principles of the Treaty of Waitangi in relation to urban environments.	Policy 9	all	new
Integrated management			
Sets an objective for planning decisions to be integrated, strategic and responsive.	Objective 6	all	changed
Encourages councils to work together with infrastructure providers and the development sector.	Policy 10	all	changed

2.3.1 Maori

The NPSUD has specific reference to the Treaty of Waitangi, with the intention to meet the needs for Maori in the urban environments. Under objective 5 and policy 9 of the NPSUD, local authorities must ensure iwi/Maori are engaged in processes to prepare plans and strategies that shape urban environments. When preparing the 2021 HBA, PNCC must take into account values and aspirations of Hapu and iwi and provide Hapu and iwi with involvement in decision making that is consistent with iwi participation legislation (RMA 1991, LGA 2002 and Te Ture Whenua Maori Act 1993). This includes recognising the strong tradition associations iwi/Maori have with urban environments in NZ. Early consultation with Hapu and iwi should be followed to enable a variety of homes for Maori to express their cultural traditions.

At a regular bi-monthly meeting with Rangitāne o Manawatū, Palmerston North City Council officers advised iwi of the requirement for Council to engage with them on the matters detailed in the NPSUD. As a result, Council officers were invited to attend a meeting with Ora Konnect on the 19th of May 2020. This meeting included representatives from Maori housing providers, community advisors, Kainga Ora and health providers. PNCC presented latest housing growth trends, NPSUD requirements and asked representatives the following question **"What aspirations do you have for**

[5] Introductory Guide to the National Policy Statement on Urban Development 2020.pdf (mfe.govt.nz)

Maori housing, to ensure Maori can express their cultural traditions?". The key issues brought up were a lack of affordability and housing security for Maori as long-term housing options were difficult to obtain. Rangitāne o Manawatū also advised that they do not have enough land or resources to develop housing but can partner with organisations who can.

Members at the hui suggested ways these issues could be addressed, including:

- Supporting Maori housing security through long term housing options.
- Work together and form a partnership between iwi and council for housing.
- Affordable housing could be addressed in a regulatory manner (i.e. through objectives in the District Plan).
- Potential to incorporate iwi developers into new growth areas and give them updates of plan changes coming up.
- Incorporate desires of iwi into growth areas through Papakainga opportunities – communal home ownership model.

Rangitāne o Manawatū also expressed an interest in minor dwellings as an affordable housing option for their whanau and will investigate further. PNCC are confident the iwi engagement requirement has been met under the NPSUD and there is an ongoing partnership between PNCC and Rangitāne o Manawatū.

Rangitāne o Manawatū were also consulted in relation to the preparation of the Draft 2021 Long Term Plan, which included updated strategic direction that relates to housing.

2.3.2 Development Community and Infrastructure Providers

The NPS-UD requires that PNCC work together with the development sector and infrastructure providers to be responsive, strategic and integrated. Policy 10 under the NPSUD (2020) outlines the new requirements for all local authorities. This integrated management requirement ensures different groups in the community are catered for – i.e. how well current and future demand will meet these groups (elderly, renters, homeowners, low income). This includes working with the development community – Developers, social/community housing providers to monitor the housing market and to ensure supply is meeting demand.

To support the well-functioning urban environments requirement under the NPSUD (2020), closer work with regional councils can achieve this by ensuring transport corridors are integrated. Other infrastructure providers that can be engaged with are; telecommunication, power, water and roading providers, including those working within territorial authorities.

Figure 2 Policy 10 2020 NPS UD. Source: MfE (2020)

Policy 10: Tier 1, 2, and 3 local authorities:

(a) that share jurisdiction over urban environments work together when implementing this National Policy Statement; and

(b) engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and

(c) engage with the development sector to identify significant opportunities for urban development.

Developers are regularly engaged with throughout plan changes, policy development and resource consenting. A developer forum was held on the 29th of April 2021, as a part of Long-Term Plan (LTP) consultation. This meeting was held with the development sector including the design community (architects), surveyors, construction industry and housing developers. PNCC staff members were there to provide information on urban design, future growth strategies, development contributions and the LTP. The development sector expressed their concerns regarding constraints in the district plan, especially around urban design, stating it creates time delays. Other concerns were regarding stormwater and using onsite detention, which has resulted in poor amenity outcomes.

As a part of the new engagement requirements under the NPSUD, Infrastructure provides were contacted via a letter on the 18th of May 2021 asking them of any issues PNCC need to be made aware of, especially in the context of PNCC plan changes outlined in 4.6. Some infrastructure providers contacted include NZTA, PowerCo and Chorus. No feedback was provided during this engagement process. Any feedback received by infrastructure providers in the future will be taken into consideration and actions will be taken where necessary.

PNCC are confident that engagement requirements under the NPSUD (2020) have been met.

3 Demand

3.1 Overview

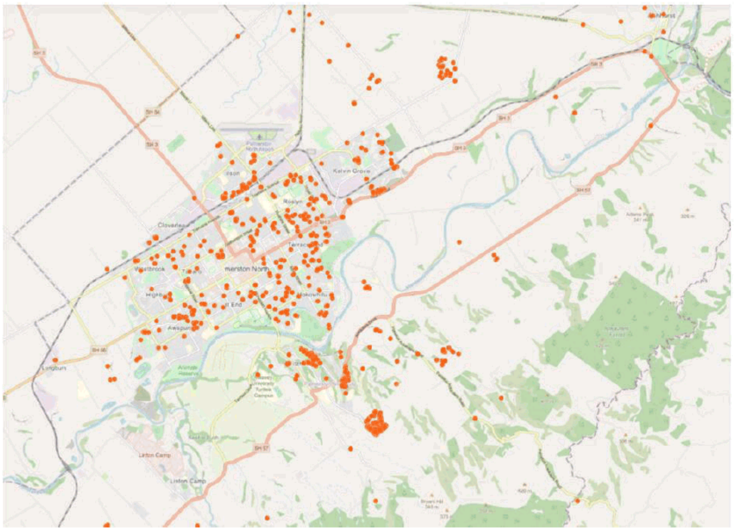
A housing demand assessment must be included in the HBA for tier 2 councils, under subpart 5, section 3.24 of the NPSUD (2020). This section will provide an analysis of the growth in different housing typologies over a 3-year period. Past projects influence what the future demand for housing in the city looks like. The most common type of housing in Palmerston North is detached single story housing, consisting of 3 to 4 bedrooms. The city has entered a new stage of strong population growth and there has been an increase in net residential buildings consented, from 209 in 2016 to 424 in 2020. This growth is projected to continue into the long term.

The number of consents for the construction of new houses in Palmerston North has been low compared with its share of New Zealand's population, but that gap is closing. A key factor over the period from 1996 to 2013 which contributed to the weak increase in housing supply in Palmerston North was population decline in parts of the city's wider labour market catchment. This contributed to a widening gap in house prices between the city and adjacent areas, resulting in growth in the proportion of the city's workforce that lived in another territorial authorities. Population growth in the wider region accelerated from 2013, resulting in much higher housing demand in housing than was experienced between 1996 and 2013 and strong growth in rents and house prices across the region.

Table 1 Summary of housing types built 2018 - 2020

	2018	2019	2020	Average
Greenfield	45%	36%	28%	**37%**
Infill (Combined)	50%	58%	62%	**56%**
Rural	6%	6%	10%	**7%**

Figure 3 Location of housing developed during 2020



3.2 Historical Trends

The table below provides an overview of past housing growth which has fluctuated over time, showing growth peaks and lows. Previously, greenfield growth has made up majority of new houses consented, and infill has been significantly lower, until recently. The decline in houses consented in 2008 onwards is likely due to the effects the 2008 financial crisis had on the housing market nationally. This has been a contributor to the lack of supply we currently see today. Year Ended December

Table 2 Historical building consent data

Year	Total building consents issued	Estimated net dwelling change	Housing development type (number and % share)							
			Greenfield		Apartments /retirement village/multi-unit/other		Infill		Rural/rural-residential	
	number	number	number	%	number	%	number	%	number	%
1999	263	244	111	45%	0	0%	96	39%	37	15%
2000	227	215	123	57%	0	0%	58	27%	34	16%
2001	249	242	138	57%	0	0%	71	29%	33	14%
2002	305	281	151	54%	0	0%	84	30%	46	16%
2003	361	352	168	48%	34	10%	100	28%	50	14%
2004	412	409	241	59%	12	3%	107	26%	49	12%
2005	377	347	221	64%	0	0%	95	27%	31	9%
2006	445	426	239	56%	60	14%	84	20%	43	10%
2007	346	325	151	46%	68	21%	92	28%	14	4%
2008	234	231	96	42%	51	22%	56	24%	28	12%
2009	209	187	115	61%	0	0%	49	26%	23	12%
2010	207	172	69	40%	12	7%	61	35%	30	17%
2011	183	161	57	35%	28	17%	63	39%	13	8%
2012	171	150	44	29%	17	11%	68	45%	21	14%
2013	221	211	70	33%	16	8%	101	48%	24	11%
2014	161	145	55	38%	11	8%	57	39%	22	15%
2015	200	130	43	33%	13	10%	55	42%	19	15%
2016	261	220	99	45%	14	6%	72	33%	24	11%

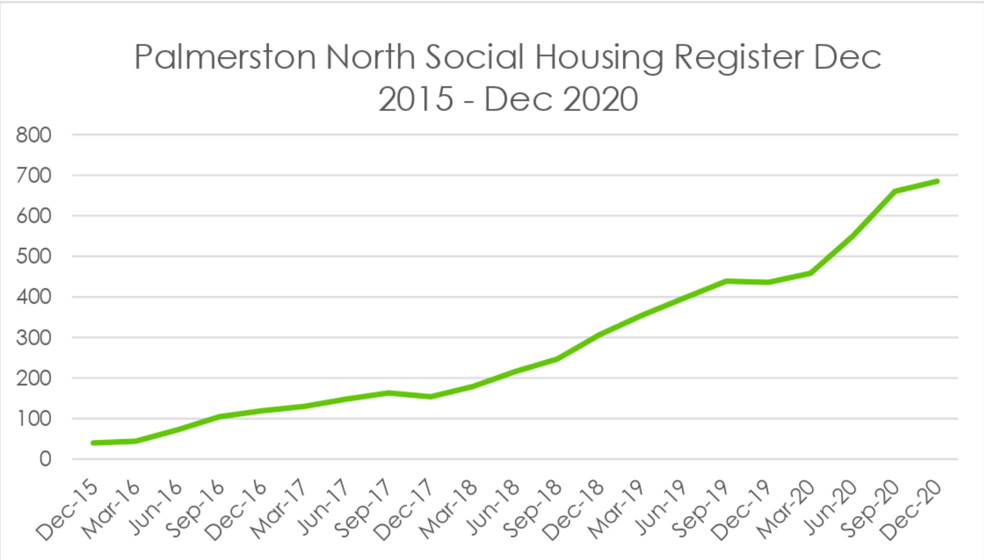
2017	356	292	133	46%	6	2%	91	31%	40	14%
2018	477	358	125	35%	50	14%	141	39%	24	7%
2019	444	362	130	39%	102	4%	107	44%	23	7%
2020	524	429	121	28%	144	32%	121	28%	43	10%
Average 1999-2020	**301**	**266**	**123**	**45%**	**26**	**8%**	**85**	**33%**	**30**	**12%**

Note: the difference between total consents authorised and net dwelling stock change includes the replacement of existing dwellings and movement of new relocatable houses to other areas
Dwellings approved prior to July 2012 in the boundary change area with Manawatū District are not included in the dwelling counts

3.3 Social Housing Register

The social housing register includes those who are eligible for social housing and need to be matched to a suitable property. There are two categories that people are placed in: Priority A (persistent housing need to be addressed immediately) and Priority B (significant persistent housing need). Figure 4 shows an increase in those placed on the social housing register in Palmerston North. As at 31st December 2020 there are 685 on the social housing register for Palmerston North (660 PA and 25 PB), up by 249 since December 2019, 85% requiring a one to two-bedroom home. The number of people on the register has more than doubled since the last HBA, which is consistent nationally[6]. PNCC social housing wait list is not included in these figures.

Figure 4 Social Housing Register – Palmerston North. Source: MSD (2020)



3.4 New Dwelling Consents

3.4.1 Introduction

This section will discuss new residential dwelling consents by type. There were 302 building consents issued for 429 dwellings in 2020 and 282 building consents issued for 362 dwellings in 2019. Despite COVID-19 lockdowns during 2020, the number of building consents for new residential dwellings have increased since 2019. There was a drop of building consents granted in April 2020, however new residential development increased in the months before and after April. Multi-unit and minor dwellings have contributed to the increase in infill housing stock over 2019 and 2020 (see table).

[6] There is a total of 22,521 on the national social housing register as at 31 December 2020

Table 3 Housing Type Breakdown Jan 2019 to Dec 2020

	Jan 2019 to Dec 2019		Jan 2020 to Dec 2020	
	Number of dwellings	%	Number of dwellings	%
Greenfield	130	36%	121	28%
Rural	23	6%	43	10%
Infill	107	30%	121	28%
Multi-unit (infill)	100	28%	136	32%
Minor dwelling (infill)	2	1%	8	2%
Total	**362**		**429**	

3.4.2 Infill

For the purpose of this report, infill includes multi-unit development, minor dwellings, subdivided properties. Infill dwellings have been steadily increasing over the past years. Table 4, above, shows there has been a 12% increase in infill housing since 2018.

Based on past projections outlined in the 2019 Housing and Business Needs Assessment, infill demand is set to continue rising as rising demand for housing and increasing land prices make subdivision more economically attractive. In the 2019 HBNA, infill demand was predominately present in Hokowhitu and Roslyn areas. Based on the GIS mapping of recent data, the spread of infill development is relatively evenly spread across the city (see Location of housing developed during 2020). This corroborates the assumption about infill development expressed in the 2019 HBNA. It also reflects a potential lack of greenfield alternatives, which therefore channels the increasing demand for housing to options that are more readily available. If this trend continues at current rates, the plan enabled supply for infill development will be consumed within the next 5 years. The readily available infill capacity figure is not necessarily a useful measure to rely on to understand capacity. Many infill development opportunities are being created through the removal of existing homes to enable multiple dwellings to be built. Therefore, the infill capacity figure of 1,417 is only an indication of capacity that can be provided for if the existing home was retained and the site was subdivided to enable an additional dwelling to be constructed. It is likely that significantly more opportunities for infill development are available. As the Palmerston North building stock ages and land values continue to increase, infill development through the removal of existing houses is likely to become more common and provide a greater share of infill development capacity. This assumption is supported by the capital to land value assessment in section 6.5 which shows that over 60% of the existing residential zone could be redeveloped to increase supply and return a positive economic return.

Consent data and industry feedback from the development sector indicate that smaller (less than 350m^2) subdivision opportunities are being actively considered and applied for. This suggests that a lower threshold for the minimum lot size for residential development could be considered in a future District Plan update. Removing minimum lot sizes all together could also be considered, provided good design outcomes could be achieved. These options, and potentially others, will need to be explored as part of an upcoming housing plan change. If further intensification is necessary to meet growth demands, it will be necessary to introduce planning controls that ensure intensive development is enabled, but that design outcomes make a positive contribution to the urban environment. This will need to be considered alongside implementing the NPSUD 2020.

3.4.3 Multi-Unit

Multi-Unit is a type of infill development consisting of 3 or more dwellings on one site that are a medium to high density. Multi-unit development has increased during the year 2020, increasing the 1 to 2-bedroom dwelling stock in the city. It is important to note that major multi-unit developments tend to be done by retirement and social/community housing providers. Private smaller scale multi-unit developments, consisting of 3 or more units on one site are uncommon, as shown by historical data.

Recent multi-unit retirement development include the BUPA retirement village on Napier Road.

Kainga Ora is becoming the major multi-unit developer in Palmerston North. Their general approach is to replace one dwelling with at least three new dwellings. Kainga Ora plan to develop in excess of 300 social houses in Palmerston North in the next four years. This will be accommodated primarily through multi-unit, rather than standalone houses.

PNCC have taken a similar approach as a social housing provider, by developing stage 2 of Papaioea Place pensioner housing, where 28 new one-bedroom units replaced 16 old units.

3.4.4 Minor dwellings

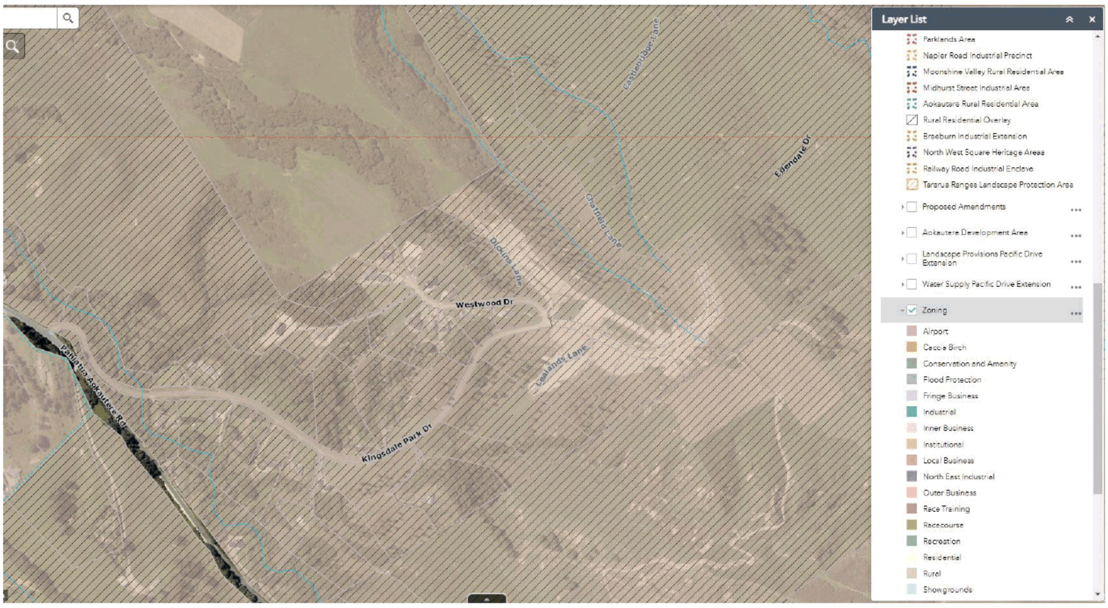
Minor dwellings are defined as any self-contained unit with a floor area no larger than 80m2 on the same site and ownership as the principle unit to provide accommodation. Minor dwellings are a type of infill development at a smaller scale and does not contain a separate land title (includes kitchen, bathroom etc). These are separate from sleep outs which are not counted as dwellings.

3.4.5 Rural

Rural areas can be identified by being zoned as rural or rural with a residential overlay in district plan (see Figure 5). New dwellings in the rural zone have increased by 4% since 2018 and 2019, however rural development rates have fluctuated over the past 5 years. This is due to strong rural-residential growth in the near-by

Manawatu District and a lack of large-scale rural-residential areas for ready market uptake. Such areas have been limited to Kingsdale Park Drive and Hartwell Drive. Both locations are expected to be fully developed in the short-term. While there is capacity for significant rural-residential development within Palmerston North (2000ha), subdivision consent applications for rural-residential development have not been forthcoming. This will continue to be monitored.

Figure 5 Kingsdale Park – Rural/Residential subdivision

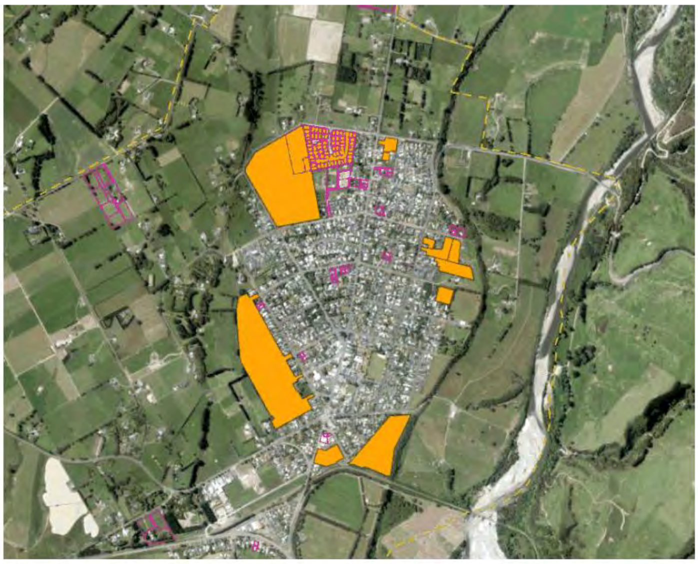


3.4.6 Greenfield

Greenfield development contributes to the immediate outward growth of the city. This predominantly occurs in is Kelvin Grove (Freedom Drive), Aokautere, Ashhurst, Turitea and Whakarongo. The greenfield development share of net housing stock increase has reduced by 17% since 2018. This has been an ongoing trend as greenfield land becomes fully developed and future greenfield land is still to be released.

Figure 6 Urban Growth areas (orange) – Palmerston North

Figure 7 Urban Growth areas (orange) – Ashhurst



3.4.7 Bedroom sizes

Three to four-bedroom houses make up majority of new residential builds over the past two years. This is a continuing theme for new houses built in the city, with majority of the city's housing stock consisting of three or four bedrooms (69%). However, there has been a growth of one – two-bedroom houses since 2001.

Table 4 Bedroom Number Breakdown Per Dwellings - 2020

Bedroom no.	No. of dwellings
1	72
2	93
3	125
4	125
5+	14
Total	**429**

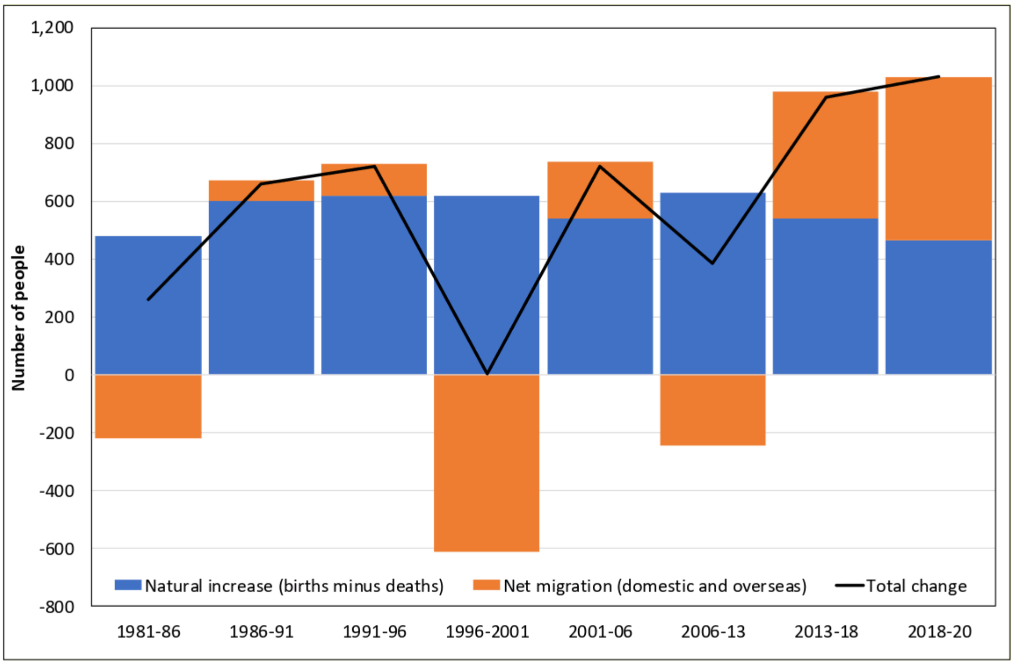
Based on to 2018 – 2020 data greenfield development usually consists of four-bedroom houses with a larger floor area. The average floor area for new residential houses in greenfield areas are 205m2, compared to new infill builds which are on average 157m2 and are three bedrooms. One - two-bedroom dwellings are usually multi-unit or minor dwellings.

3.5 Population trends and assessing future housing demand

The latest Statistics New Zealand population estimates to June 2020 show a declining contribution to the city's population growth from natural population growth (the extent to which the number of births exceeds deaths), but net migration has increased (overseas and within New Zealand). The annual gain from net migration is increasing faster than the decline in the annual natural population increase, resulting in an increase in overall population growth.

The city continues to experience a net loss from migration within New Zealand, but the estimated net loss declined from 430 people in the year to June 2019 to 280 people in the year to June 2020. Further increases in the construction of new housing stock in the city will be necessary for the city to move from a net domestic migration loss to a net gain. Figure 8 notes the percentage of new dwellings consented in the city is currently below its share of the national population.

Figure 8 Components of population in Palmerston North (estimated annual change) Source: Statistics New Zealand



Population growth was slow in the main urban area between 1996 and 2012, when some of the current rural areas of the city were part of Manawatū District Council. Census data shows population growth in the Kairanga and Stoney Creek area units between 2001 and 2006 contributed most of Manawatū District's growth during that period. Since the 2012 boundary change between the district and city, population growth in these two area units has slowed. The growth between 2001 and 2006 came from rural lifestyle housing development during this period. Since 2012, the rate of growth in the city's urban area has strengthened and is now the same as the overall annual average growth rate for the city.

Table 5: Estimated population change by geographic area (rural-urban. Source: Statistics New Zealand

Geographic area	Annual population estimate			Average annual % growth	
	1996	2012	2020	1996 - 2012	2012 - 2020
Main urban area	70,760	75,300	81,460	0.4%	1.0%
Minor urban area (Ashhurst)	2,530	2,710	3,160	0.4%	1.9%
Rural settlements (Bunnythorpe and Longburn)	830	1,090	1,090	1.7%	0.0%
Rural (excluding rural settlements)	2,960	4,230	4,660	2.3%	1.2%
Palmerston North – total	**77,070**	**83,320**	**90,400**	**0.5%**	**1.0%**
Urban area share of Palmerston North population	91.8%	90.4%	90.1%		

Population and household growth projections are used to assess the amount of new housing that needs to be built in the city. Table 7 below compares the population growth projections published by Statistics New Zealand in March 2021 and the alternative projections commissioned by the Council from Infometrics, which were completed in March 2020. Statistics New Zealand usually produces updated population and household projections every two to three years, to support regional and local authorities prepare new 10-year plans every three years. However, the update to the Statistics New Zealand February 2017 projections was delayed due to issues with the 2018 Census.

When work started on preparation of the city's 2021-31 long-term plan it was decided to combine with other territorial authorities, the regional council and two district health boards to commission new population and household projections from Infometrics. Infometrics also produced employment projections to assist with its modelling of population growth. The Infometrics projections were commissioned before Statistics New Zealand was able to finalise its population estimates for June 2018, which were not published in September 2020, since September 2020 was too late for organisations to prepare their long-term plans.

Table 7: Long-term medium population projections for Palmerston North

Long-term medium population projections for Palmerston North						
	Infometrics (March 2020)			Statistics New Zealand (March 2021)		
		Average annual change			Average annual change	
Period ended	Population count	number of people	rate of change (%)	Population count	number of people	rate of change (%)
2001	77,100			77,100		
2006	80,800	740	0.9%	80,800	740	0.9%
2013	83,500	386	0.5%	83,500	386	0.5%
2018	87,320	764	0.9%	88,300	960	1.1%
2023	93,280	1,192	1.3%	92,300	800	0.9%
2028	97,948	933	1.0%	94,900	520	0.6%
2033	101,608	732	0.7%	97,200	460	0.5%
2038	105,843	847	0.8%	99,100	380	0.4%
2043	110,676	967	0.9%	100,700	320	0.3%
2048	114,823	829	0.7%	102,100	280	0.3%
2053	118,124	660	0.6%	not projected		

Infometrics provided low, medium and high growth scenarios for population growth. The low growth projection suggests the city's population would reach 103,935 by 2053, while the high growth projection suggests a population of 134,601 by 2053.

Table 8: Alternative population projections for Palmerston North. Source Infometrics and StatsNZ

Alternative long-term medium population projections for Palmerston North						
	Infometrics (March 2020)			Statistics New Zealand (March 2021)		
	Projection scenario			Projection scenario		
Period ended	Low	Medium	High	Low	Medium	High
2001	77,100	77,100	77,100	77,100	77,100	77,100
2006	80,800	80,800	80,800	80,800	80,800	80,800
2013	83,500	83,500	83,500	83,500	83,500	83,500
2018	87,320	87,320	87,320	88,300	88,300	88,300
2023	91,963	93,280	94,554	90,200	92,300	94,400
2028	95,030	97,948	100,939	90,600	94,900	99,200
2033	96,802	101,608	106,709	90,600	97,200	103,900
2038	98,916	105,843	113,430	90,000	99,100	108,300
2043	101,327	110,676	121,293	89,000	100,700	112,700
2048	103,033	114,823	128,433	87,700	102,100	117,000
2053	103,935	118,124	134,601	not projected		

The March 2021 population projections published by Statistics New Zealand vary slightly from its February 2017 projections, but the 2021 projection for the city's population in 2043 is identical to its 2017 projection. Statistics New Zealand has projected a higher net contribution to population growth from migration but the contribution to growth from births is lower, due to a projected decline in fertility rates (average number of children born to women during their reproductive years).

Table 9: Statistics New Zealand projections for contributions to population change. Source: StatsNZ

	February 2017				March 2021	
	Components of population change, five years ended 30 June				Components of population change, five years ended 30 June	
Period ended	Births	Deaths	Natural increase	Net migration	Births	Deaths
2001	5,500	2,500	3,100	-3,100	5,600	2,500
2006	5,300	2,700	2,700	1,000	5,300	2,700
2013	5,900	2,700	3,100	-600	5,900	2,700
2018	5,600	2,900	2,700	2,000	5,600	3,000
2023	5,900	3,000	2,800	400	5,600	3,100
2028	5,900	3,200	2,800	0	5,400	3,300
2033	5,900	3,400	2,500	0	5,300	3,600
2038	5,800	3,700	2,200	0	5,300	3,900
2043	5,900	4,000	1,900	0	5,400	4,300
2048					5,500	4,600

Infometrics used Statistics New Zealand projections for change in fertility rates and life expectancy but took a different approach to modelling domestic and overseas migration. Statistics New Zealand estimates net migration at a territorial authority using a top-down approach, setting a fixed assumption at a national level and then modelling changes in migration at a local level. The March Statistics New Zealand 2021 projections were based on an assumption of a net annual gain from migration of 25,000. This is significantly lower than the net average annual gain of 63,620 people between 2013 and 2018, and gains of 52,200 people in the year to June 2019 and 79,400 people in the year to June 2020.

Infometrics forecast long term international net migration to New Zealand by considering a wide range of factors affecting the New Zealand and global economy. Recent historic levels in excess of 60,000 were considered unlikely to be achieved for a sustained period in future, with steady employment growth projected and an ageing population. It expected labour market conditions to remain tight, leading to sustained positive net migration well into the future, aided by favourable work visa conditions. Between 2018 and 2024, it adopted The Treasury's 2020 forecast, which showed a transition from 50,000 in 2018 to 35,000 in 2024. Beyond this, Infometrics projected an annual net migration level of 30,000 to be maintained out to 2051. Its low and high scenarios represent net migration levels 50% lower and higher than the medium scenario respectively.

Migration was apportioned by Infometrics out to territorial authorities using a mix of two approaches. Firstly, historic inter-regional migration trends as assessed by Statistics New Zealand were used to forecast the volume of non-employment driven migration, such as people moving towns for retirement. Secondly, forecast labour market shortfalls were used to forecast the volume of employment driven migration, such as people moving towns for a new job.

For both employment and non-employment driven migration, Statistics New Zealand projected age and sex profile of migrants to the city were used. Volumes of migration were then manually adjusted to reflect:

- Feedback from regional stakeholders at a population projections workshop
- Recent population growth trends (particularly 2017-2019 population growth to inform projections of 2018-2023)
- Recent building consenting trends
- Provision of capacity for future housing growth (based on information provided by district and city councils)
- Patterns of commuting across territorial authority boundaries, based on 2013 and 2018 Census data.

These adjustments were necessary to:

- Ensure that the projections realistically transitioned from historical periods into the future
- Reflect commuting patterns i.e. where employment growth in one territorial authority prompts population (and household) growth in a neighbouring territorial authority
- Reflect that provision of housing will influence the distribution of population within or across regions.

Infometrics faced significant challenges with projecting population and household growth, using two workshops with the territorial authorities and DHBs in the region and the regional council to get feedback on whether its projections made sense. Two key challenges discussed were:

- The extent to which individual territorial authorities could feasibly rezone the amount of land required to accommodate faster housing growth and the infrastructure required to ensure it could be developed.
- Future change in commuter patterns within the region. Census data shows that by 2013, 20% of Palmerston North's workforce lived in another territorial authority, but by 2018 the commuter share had reduced to 15%. The number of people travelling into Palmerston North for work had declined, but there was also a decline in the number of Palmerston North residents travelling to other areas for work.

3.6 Future Household Population Trends

Infometrics has provided updated projections for household change in Palmerston North, which also indicate stronger growth in the city compared with the December 2016 projections from Statistics New Zealand. Statistics New Zealand will not be producing updated family and household projections until the first quarter of 2022.

The household growth assumptions used by Infometrics are based on past changes in family and household size and expectations for the future. Past changes have included an increase in single parent households and growth in both couple only and single person households. The *couple without children* households include couples whose children no longer live at home.

Based on population trends in the table below, there is a current average of 2.6 persons per household. This is projected to become smaller as there is a faster growth rate in 1-2 person households, meaning demand for smaller bedroom houses is expected to rise, especially as affordability of living in the city decreases.

Table 6 Household Population Trends 2013 – 205. Source: Infometrics

Long-term projections for Palmerston North households by family type									
Household type	2013	2018	2023	2028	2033	2038	2043	2048	2053
Couple without children	9,235	10,129	11,035	11,840	12,449	12,684	12,883	13,165	13,649
Two parents with children	8,939	9,240	9,457	9,828	10,446	11,232	11,967	12,562	13,015
One parent with children	4,271	4,368	4,485	4,661	4,861	5,038	5,296	5,548	5,739
Other multi-person household	1,494	1,572	1,741	1,917	1,977	1,989	2,023	2,072	2,107
One person alone	7,001	7,464	8,121	8,742	9,302	9,792	10,349	10,826	11,220
Non-private dwelling (people)	1,766	1,891	2,084	2,299	2,470	2,839	3,106	3,370	3,473
Total	30,940	32,773	34,838	36,988	39,035	40,735	42,518	44,173	45,730

The delays in completion of Census population and household counts meant that Infometrics based its household occupancy assumptions on living arrangement type rates from the 2013 Census. These assume an average of 2.6 persons per household. The household data excludes people living in non-private dwellings. These include:

a. Educational institutions (such as student hostels)

b. Residential care for older people

c. Defence establishments

d. Residential and community care facilities

e. Prison or penal institution

f. Welfare institution

Table 7 Number of Palmerston North residents in occupied non – private dwellings, March 2013. Source: StatsNZ

Educational institution	1,200
Residential care for older people	690
Defence establishment	276
Residential and community care facilities	195
Prison or penal institution	147
Welfare institution	6
Total population	2514

The 2013 Census recorded 2,500 people living in 189 non-private dwellings, although Infometrics used an estimate of 1,766 people for its projections. There were 171 non-private dwellings identified in the 2018 Census, but data has not been published for the number of people living in non-private dwellings in 2018.

3.7 Challenges with assessing future housing demand

The primary challenge with projecting population growth in Palmerston North is the ability for the city's labour force to easily find affordable housing outside of the Palmerston North city boundary, but still within an easy commuting distance from Palmerston North. Feilding, with an estimated 17,050 people in June 2020 is a 22-minute drive from Palmerston North, while Levin, with 18,800 people is a drive of 43 minutes.

There was significant growth in the city's commuter workforce between 1971 and 2013, but commuter numbers declined between 2013 and 2018. Some of this decline is due to the improvement in economic growth in the region. As a result, more people were able to find employment closer to where they lived. Between 2013 and 2018 there was also a decline in the number of Palmerston North residents travelling to other areas for work.

It is likely the Infometrics projections plus the additional NPS growth margin will be too low because:

- They are based on the October 2019 Statistics New Zealand population estimates, which suggested annual population growth of 760 people a year between 2013 and 2018. Revised population estimates published in September 2020 showed actual growth was 960 people a year. The average annual growth rate from 2013 to 2018 was 26% higher than assumed by Infometrics when its was preparing its projections.

- There has been a significant increase to the major projects used to adjust the base-line employment projections, which were supplied to Infometrics in December 2019. Since then the value of projects identified over the next fifteen years has increased by more than $1 billion. No value has been provided at this stage in Table 3 earlier for the construction of the KiwiRail freight hub, but initial estimates by KiwiRail suggest it could attract up to $4 billion in logistics infrastructure over the next 20 – 30 years to Palmerston North. This would have a significant impact on the level of economic growth in the city, even if the increase in investment is lower than the preliminary estimate.

- In addition to these major commercial construction projects, the Government has announced that Kainga Ora will construct 415 houses in Palmerston North between 2021 and 2024. This has also been confirmed since the Infometrics projection were completed.

- Infometrics has based its overseas migration assumptions on an expectation that net migration will decline to 30,000 people a year by 2025. No rationale has been provided for why net migration is expected to decline. Economic data for Australia and New Zealand shows a widening gap between unemployment rates and GDP growth for the two countries since 2013. This is likely to have been an important factor in the decline in the net migration loss to Australia over that time period and the increased net migration gains for New Zealand from other countries. The gap between unemployment rates in New Zealand and Australia widened during 2020, so there is potential for net migration levels to increase strongly now that people living in Australia are no longer required to go through managed isolation when they travel to New Zealand.

- Assumptions were made by Infometrics about the ability of Palmerston North to fully respond to increased housing demand from its growing workforce (see figure 8). While there is currently a shortage of greenfield land available in the city, changes made to the District Plan four years ago have enabled a much higher level of infill development than was assumed in previous long-term plans. That has allowed a larger increase in net housing stock during 2020, despite limits on the quantity of greenfield development possible in the last 12 months. Investment by the Council in accelerating the rezoning of additional greenfield land and rezoning of brownfield sites will significantly increase the number of sections available for development over the next two to three years. However, the rate of development of this land will be influenced by how quickly land is released to the market by developers.

- The projections also assume that Manawatū and Horowhenua districts will continue to absorb some of the workforce growth occurring in Palmerston North, resulting in growth in the city's commuter workforce. However, building consents data for 2018 to 2020 has shown a gradual decline in the number of new houses consented in both districts, from 482 consents in the year to December 2018 to 439 in the year to December 2020. The number of consents issued in Palmerston North increased from 477 in 2018 to 524 in 2020. Both Horowhenua and Manawatū districts also are affected by the same challenges of zoning enough land to support housing demand and providing the infrastructure to enable houses to be built. Future population growth in the city will be influenced by how readily the three councils can enable faster housing development.

- There is a risk the projections for Palmerston North will be too high if the city is unable to support sufficient housing growth, resulting in a decline in affordability compared with other main centres. House prices in the city in the city are now higher than Christchurch, New Plymouth and Rotorua, but two years ago prices in Palmerston North were lower compared with these urban areas. The strong growth in house prices in the city would support stronger housing growth in the territorial authorities close to Palmerston North. If developers are slow releasing land to the market in Palmerston North, this could undermine the Council's investment in ensuring land was available for development.

4 Supply

4.1 Overview

Where land for development is available, it is largely owned by housing developers whom are actively developing or are in the process of bringing land to market. Table 8 indicates lots that have undergone the plan change process and will be ready for housing development in the near future. Table 9 indicates when lots will be notified.

There are some significant plan changes to rezone additional land to increase housing supply, outlined in section 4.6. Figure 9 Short, Medium- and Long-term housing areas indicates where greenfield land supply will be increased over the short (1-3 years), medium (4-10) and long (10-30) terms, providing a total of **9130 lots**.

Table 8: Lots currently available (subject to consenting), as at February 2021

Location – Zoned Land	Lots	Timing
Milson	50	Available now (subject to consenting)
Napier Road Residential Extension Area	50	Available now (subject to consenting)
Napier Road – Private plan change (Marriott Block)	100	Available now (subject to consenting)
Kelvin Grove	100	Available now (subject to consenting)
Kikiwhenua	230	Available now (subject to consenting)
Whakarongo	550	Available now (subject to consenting)
Centennial Park	80	Available now (subject to consenting)
Tremaine Ave	30	Available now (subject to consenting)
Aokautere – Brian Green	80	Awaiting final subdivision approval
Aokautere	200	Available now, subject to confirmation of land stability following earthworks.
Total	**1320**	

Table 9 Future supply available, as at June 2021

Location Zoning Proposals	Lots	Timing
Ashhurst	400	Notify mid 2021
Aokautere extension	1000	Notify mid 2021
Roxburgh Crescent	100	Notify mid 2021
Whiskey Creek	160	Notify mid 2021
Kākātangiata	6000	Notify late 2021
Total	**7810**	

4.2 Methodology

4.2.1 GIS

Geographic information systems have been used to identify housing supply by using valuation numbers to match new residential builds and identifying remaining lots for greenfield and rural developments.

Greenfield:

Greenfield developable lots are subtracted from growth areas layer by parcel. The minimum lot size for greenfield areas is generally 500m2 so this will be used to determine lots remaining. Roading infrastructure (including footpaths) is also counted for in this figure, therefore 10% of the hectares calculated will be subtracted. To determine the remaining developable lots, the equation below is used:

Hectare size / Min lot size (500m2) – 10% = Number of lots.

This data this is based on land availability as at 31st December 2020.

Infill Development:

GIS analysis assessed the infill landbank by identifying properties in the residential zone that can be further subdivided under the current District Plans planning parameters. The analysis's key assumption is identifying additional lots that meet the 350m^2 minimum lot size threshold. Site coverage, access and placement of existing dwellings were also factored in. This analysis was used to identify sites that could readily be subdivided. There is also significant theoretical capacity in the existing residential zone, provided landowners reconfigure buildings onsite or remove them completely.

Rural Residential:

The rural residential supply was based off a minimum lot of sizes of 1ha (10,000m2). The total Ha of the rural residential overlay was used and divided by 1 ha lots. All lots that have building consents or houses on them as at 31st December 2020 were subtracted from this figure. This figure also includes land used for rural purposes such as stock grazing.

4.2.2 Limitations

The GIS analysis has identified that there may be errors using valuation number to identify parcels from BC data as there can be duplicate valuation numbers, which get automatically cancelled out. The GIS analysis has manually identified these errors and has tried to mitigate this issue.

Data used for this analysis was taken from Council's building consent database, Alpha One. There were some issues using this database as it is specifically designed for managing the Building Act. The way the data is collected (customer inputted) and collated in Alpha One is not well set up to assist with monitoring housing growth at the level of granularity that the NPSUD requires. Because data is inputted by customers there is also a data accuracy risk regarding the information that is submitted to Council. For example, some building consent applicants categorise minor dwellings as sleepouts. Additional manual processing and GIS analysis has been applied to available consenting data to try to overcome the shortcomings of Alpha One and provide as accurate as possible data to inform this housing assessment.

4.3 Greenfield Supply

There are **1429** greenfield lots available, including what is available for development as at 31/12/2020 based off 500m2 sections which are subject to resource consenting. Some of these sites have restrictive covenants that don't allow for subdivision and addition of more dwellings on one site. For example, larger sites that could be subdivided in the Greenfield zone based on a size larger than 1000m2 cannot, without the permission of the developer.

For future greenfield sections included in plan changes, see section 4.1.

4.4 Infill Supply

There is capacity in the existing residential zone to readily accommodate an additional **1,417** infill lots. This is based on subdivision conforming with the District Plan's 350m^2 minimum lot size. Infill development has traditionally been undertaken through subdivision of the back or front yard. This approach is not always readily able to be accommodated by landowners, due to the siting of existing buildings. The traditional built form of housing in Palmerston North has seen houses built with a 10-12m setback from the road, house located in the centre of the property, with a garage located at the rear with a large backyard. Depending on the size of the house constructed, the ability to portion off a 350m^2 section from the principle lot is difficult to achieve, even if the garage is removed.

Because of this, there is an increasing trend for developers to apply for consents lower than the 350m^2 threshold. However, the consenting process for undersized lots is more detailed and requires a higher level of design consideration than those above 350m^2. The development sector is struggling to address urban design considerations and often does not resource the process adequately with appropriate technical experts to meet the District Plan's intended outcomes. This is leading to conflict in resource consenting processes, which creates delays and increased costs. Some developers have expressed that they will try to avoid consenting processes for undersized lots if they can. Council has a delivering change programme which provides support for developers to navigate consenting processes which have a strong design element, through co-creation. This has had a strong uptake, and has led to positive outcomes, but the budget is only small.

Because land values have increased over 60% in recent years, and because the housing stock is aging and poorly maintained, another emerging trend is the removal of existing houses to facilitate subdivision. This more comprehensive development approach is providing greater yields and providing better design outcomes. Development companies and Kainga Ora are increasingly taking the later approach for intensification, often leading to one dwelling being replaced with three. Even greater yields are being achieved through site agglomeration and multiunit development. Significant opportunity exists in the existing residential zone to accommodate this type of development. In Palmerston North, **11,895 lots** are over $700m^2$ and could theoretically be subdivided if existing dwellings were removed. Capital to land value calculations indicate that redevelopment opportunities exist in over 60% of the city. If land values continue to increase, the economic feasibility of redevelopment will also continue climb. This suggests that intensification capacity is likely to be much higher than the 1,417 lots that have been identified as readily available to be subdivided.

4.5 Rural Residential supply

There is a supply of 2067 1ha lots available under the rural residential overlay as at 31/12/2020.

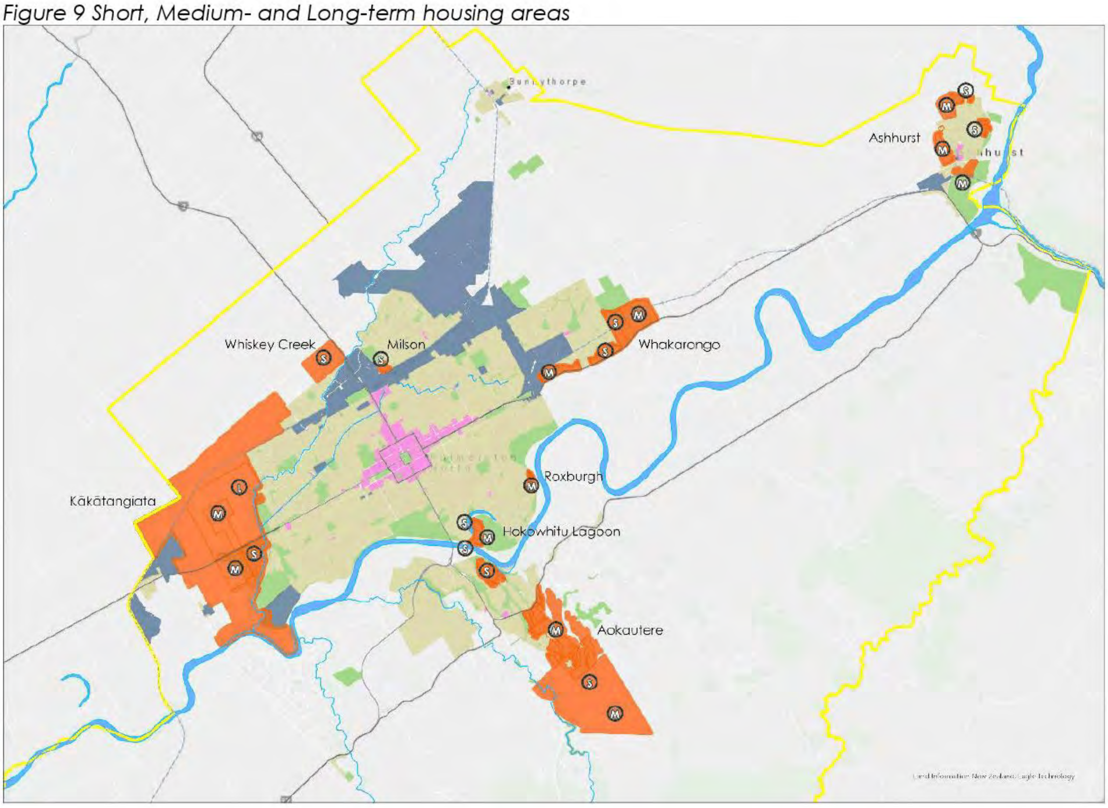
4.6 Future Growth Areas

This section provides an overview of upcoming plan changes that will provide lots for housing developments over the short, medium and long term. Due to high class soils, natural hazards (flooding, liquefaction, slope instability) the areas identified are likely to be the final extent of greenfield growth that will be able to be accommodated in the city. Sprawl beyond these areas will be discouraged and greater reliance will be placed on accommodating housing growth within the existing urban area through intensification. Future greenfield growth plan changes will seek to reinforce this by defining ultimate urban edges. Furthermore, to make efficient use of the future growth areas, a range of housing typologies will be expected to be delivered, including multi-unit development. Future urban growth areas will also need to develop in a comprehensive manner that can meet local needs. This includes the provision of retail, employment, education and other amenities.

Future growth areas are shown below[7]:

[7] S: Short term, M: Medium term, L: Long term, indicated by orange blocks

Figure 9 Short, Medium- and Long-term housing areas



4.6.1 Plan Change F: Ashhurst

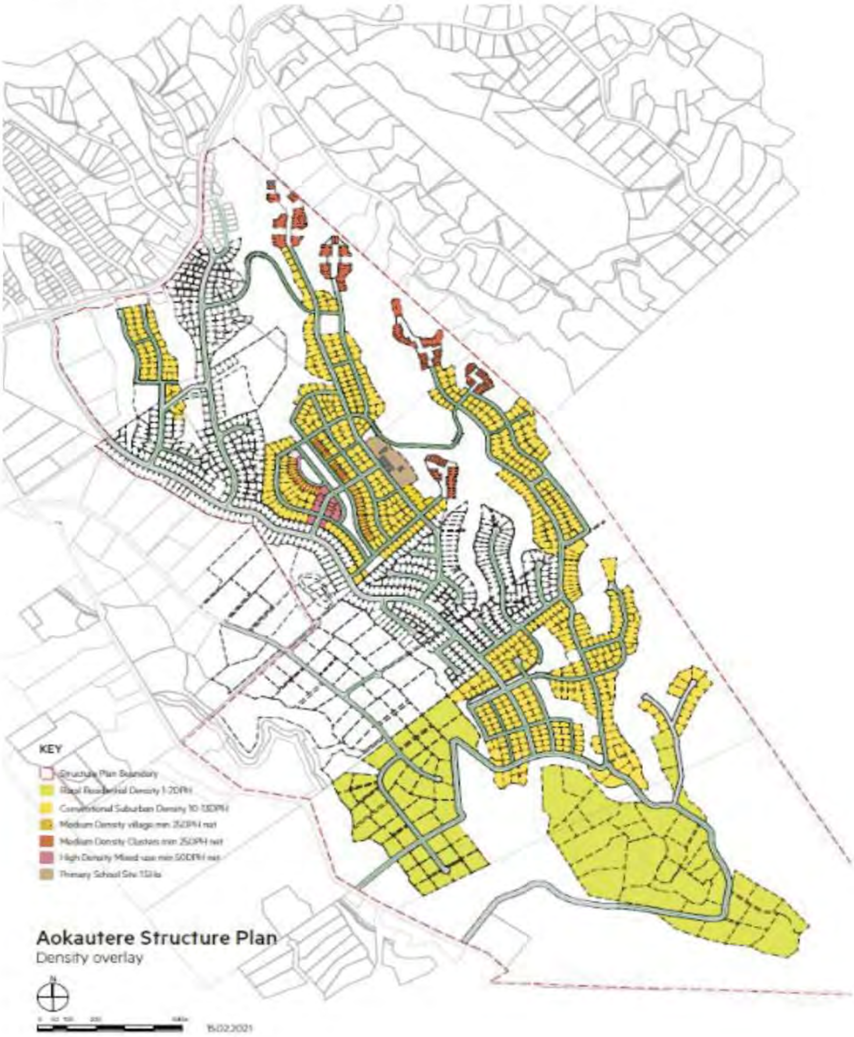
Ashhurst was identified as a residential growth area in 2017, with four areas proposed to be rezoned from rural to residential, see Ashhurst Growth Areas. This plan change will provide 400 lots for the medium to long term and is expected to be notified late 2021.

Figure 10 Ashhurst Growth Areas

4.6.2 Plan Change G: Aokautere

Significant recent greenfield development has taken place in Aokautere; however, most of this serviceable land has been developed. An upcoming plan change will add further development capacity of 1000 lots. Due to strong demand for housing, Council will seek to require more intensive development than the traditional urban form provides.

Figure 11 Aokautere Structure Plan



4.6.3 Hokowhitu Lagoon Residential area

The Hokowhitu residential area will create 130 new dwellings in the short and medium terms, consisting of standalone houses, multi-unit and apartments in a three-stage process. Stage 1 is currently in construction and Stage 2 has been consented. Stage 3 is expected to be delivered in the later period of the medium-term.

Figure 12 Hokowhitu Lagoon Structure Plan

4.6.4 Plan Change H: Kākātangiata

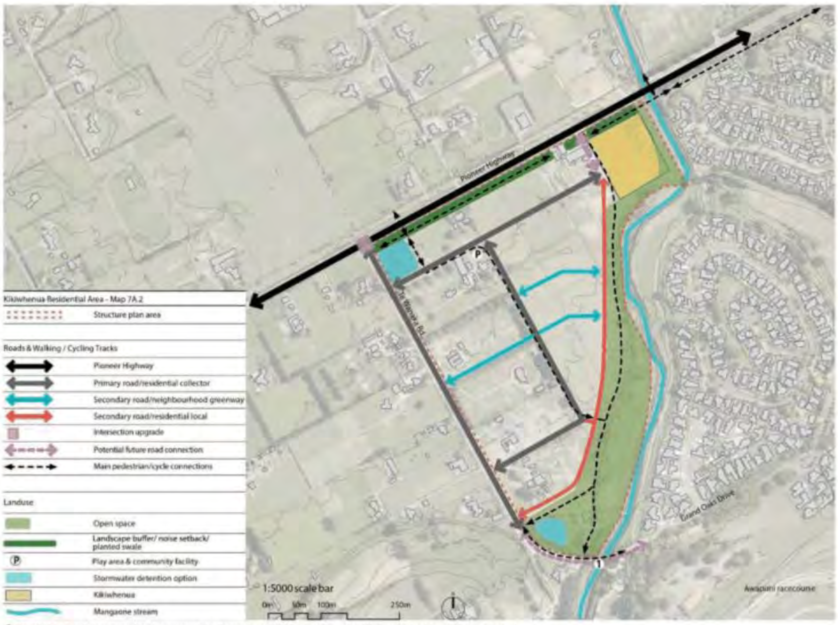
Kākātangiata, formerly known as 'City West', is expected to provide long term greenfield housing options for 6000 additional houses over the long-term. Investigation begun in early 2020 and now the plan change is currently in the preparation of a masterplan stage. The formal plan change process will run through 2021 to 2022. Kikiwhenua (Plan Change C) and Private plan change B – Pioneer City West Ltd (notified in August 2013) is a part of this wider area. Due to strong projected demand for housing, Council will seek to require more intensive development than the traditional urban form provides.

Figure 13 Kākātangiata Study Area

4.6.5 Plan Change C: Kikiwhenua

This plan change was notified in late 2018 and became operative on the 18th of January 2021. Plan Change C rezoned land west of the city from racecourse to residential. Kikiwhenua is a part of the wider Kākātangiata growth area (see section above). Kikiwhenua provides capacity for 220 sections.

Figure 14 Kikiwhenua Structure Plan

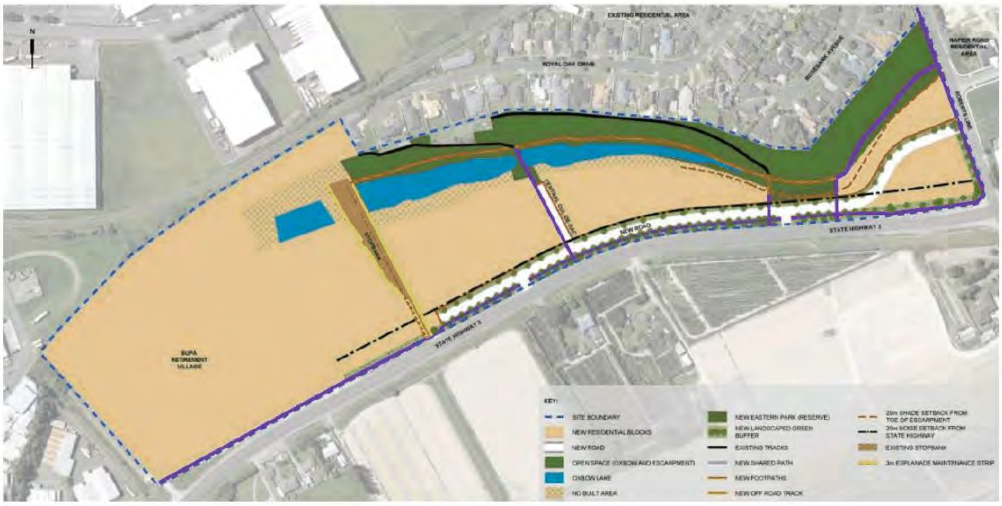


1 Potential future road connection subject to assessment via a Designation or PNCC Resource Consent and Horizons Regional Council Resource Consent.

4.6.6 Plan Change B: Napier road extension area

Plan Change B was notified in 2019 and was made operative on the 21st of April 2021. This plan change rezoned rural land to residential to enable the development of 50 lots along Napier road.

Figure 15 Napier Road Extension Area Structure Plan



4.6.7 Plan Change 4A: Napier Road (Marriott Block)

This block of land is located along Napier road between Kelvin Grove and Whakarongo, which can be accessed via Freedom Drive. Rezoning has been completed and the area provides capacity for approximately 100 lots.

Figure 16 Marriott block of the wider Napier road extension area.

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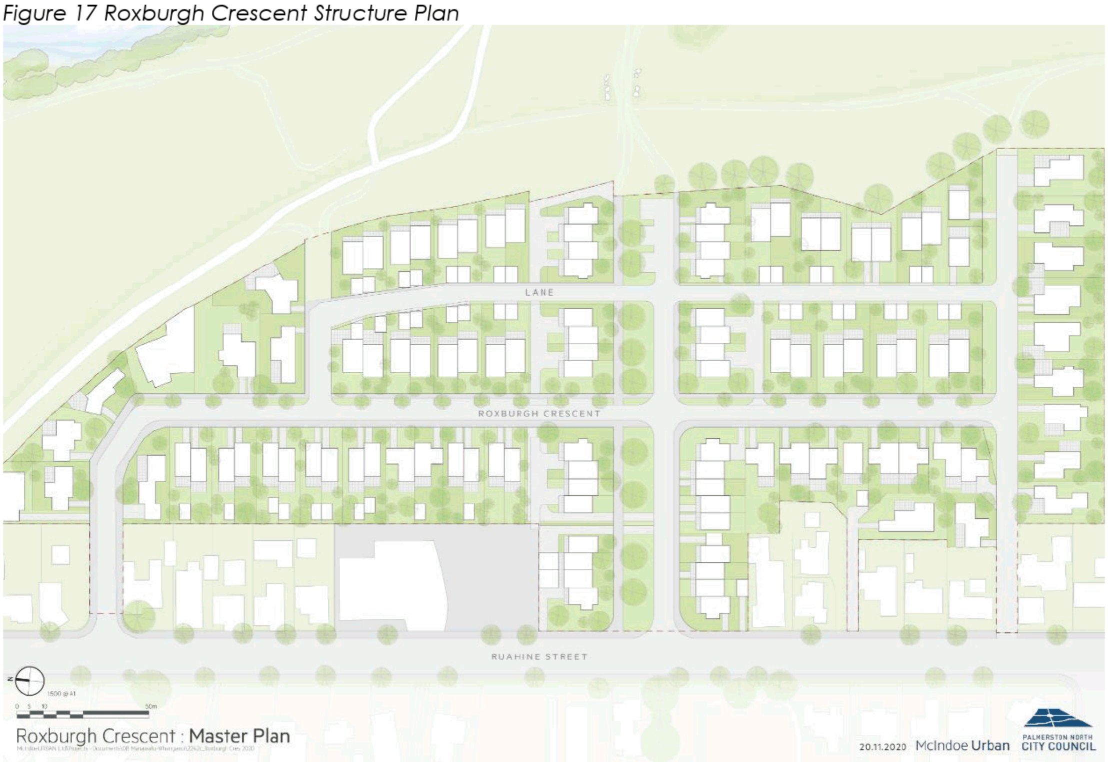
4.6.8 Plan Change E: Roxburgh

Figure 17 Roxburgh Crescent Structure Plan



Roxburgh Crescent is an industrial area in Hokowhitu. A plan change is in preparation to rezone the area to residential and provide capacity for approximately 100 dwellings over the medium term. Planning is still under way and a District Plan change is expected to be notified in late 2021. Due to strong demand for housing, Council will seek to require more intensive development than the traditional urban form provides.

4.6.9 Whakarongo

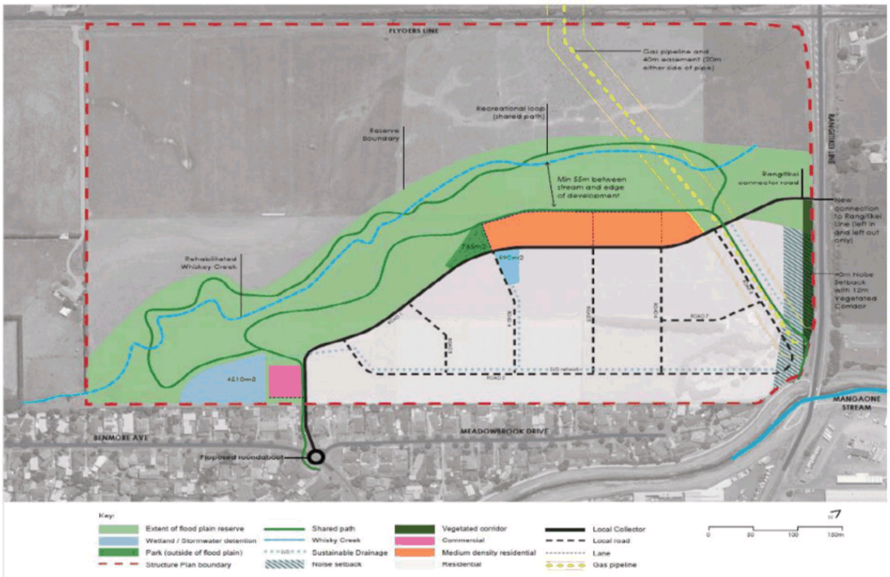
Subdivision development is currently underway in Whakarongo, led by a 114 lot Council development at Tamakuku Terrace, off James Line. This wider Whakarongo Growth Area provides for 550 greenfield lots for the short term.

Figure 18 Tamakuku subdivision plan

4.6.10 Whiskey Creek

Whiskey Creek is a Private Plan Change, which was recently lodged with the Council. The application seeks to rezone rural land to residential to provide capacity for an additional 160 houses between Benmore Ave (Cloverlea) and Rangitikei Line. The Whisky Creek Private Plan Change will be notified in July 2021.

Figure 19 Whiskey Creek Structure Plan



4.6.11 Council land for housing proposals

There are opportunities to provide for housing by using and/or repurposing Council owned land. The following areas have currently been identified as possible options:

Summerhays Street/ Terrace End Bowling club.

The Terrace End Bowling club is no longer used and has been vacant since mid-2020. Housing is the preferred option by council for the use of this site. It is council owned – half zoned residential and other half zoned recreation. A proposal to repurpose the land for housing commenced consultation in early June 2021. If the proposal is successful, a District Plan change will be prepared to rezone the recreation zone portion to residential and enable redevelopment of Summerhays Reserve for housing.

Albert Street Depot

The depot is Council owned land used for operational work and storage. There have been discussions over the years to use this land for housing. No plans have been developed nor has there been any consultation on the proposal. However, there needs to be a new site to relocate the depot to.

Huia Street / Reserve

Huia street is a council owned reserve – previously used by the Manawatu Bowling Club located on the corner of Fitzherbert Ave and Park Road. Using this land for housing is the preferred option by council, as it hasn't been used since 2005. For this to happen a request needs to go to central government to decide to take land out of Palmerston North Reserves Act.

Underutilised reserves and sports fields

Other opportunities for increasing housing supply in the existing urban area could include repurposing underutilised reserves. This could also include the partial relocation of sports fields. Many sports fields are in areas that are close to employment, education, commerce and other amenities, making them ideal for housing. Sports fields are primarily used on weekends, with some use during the week. Many sports fields are unavailable for use during parts of winter, due to poor soil conditions and rainfall. Repurposing some sports fields for housing could be a more efficient and effective option. If some sports fields are fully or partially repurposed, the community need for these facilities will still need to be met. This could be provided by developing purpose-built all weather sports fields on the urban edge, where land is more affordable. The development of new facilities could be funded through the proceeds of the development of exiting urban reserves for housing. Further investigations would be required to determine whether this approach should be considered and acted on.

5 Capacity

5.1 Overview

This section will provide an overview of the new requirements for identifying development capacity and how this compares to PNCC's housing initiatives and strategic direction. This will provide an update on future housing and social housing capacity based on supply and demand data.

In the short-term, Palmerston North has a total capacity for **2,737** homes (1417 infill and 1,320 greenfield).

In the medium and long terms an additional **7,810** greenfield lots will be rezoned, to cater a growing population of 450 - 1350 people a year (see table below). Further infill subdivision capacity may need to be enabled in the medium and long terms to enable growth demands to be met. The extent of any changes to enable further infill or intensification will be influenced by the willingness of the market to remove older housing stock, rather than the traditional approach of subdividing off the front or back yard to accommodate additional allotments. The removal of older homes provides significant scope for catering for projected demand for intensification, with 11,895 lots being identified as either 700m^2 or greater.

NPS approach for identifying capacity:

- In existing and new urban areas
- Provide for standalone dwellings and attached dwellings
- To provide for the short, medium and long term.
- Plan enabled
- Infrastructure ready
- Feasible and reasonably expected to be realised.

Table 10 Summary of future population projections for Palmerston North. Source: Infometrics

		2021	2026	2031	2036	2041	2046	2051
Palmerston North city	High	91,660	91,660	91,660	91,660	91,660	91,660	91,660
	Medium	90,896	96,081	100,144	104,149	108,743	113,164	116,804
	Low	90,106	93,803	93,803	93,803	93,803	93,803	93,803

Table 11 Summary of future housing capacity

Location/plan change	Type	Lot no	Term
Ashhurst	Greenfield	400	Medium to long
Aokautere	Greenfield	1000	Medium to long
Hokowhitu	Infill	130	Short to medium
Kākātangiata	Greenfield	6000	Medium to long
Kikiwhenua	Greenfield	230	Short
Napier Road (PCB)	Greenfield	50	Medium

Napier Road (Marriott Block)	Greenfield	100	Short
Roxburgh	Infill	100	Medium
Whakarongo	Greenfield	550	Short
Whiskey Creek	Greenfield	160	Short
Total		**8720**	

Table 12 Population projections – breakdown

Period ended	Statistics New Zealand (December 2016)	2018-28 Long-term plan projections[1]	Infometrics (March 2020) medium	2021-31 Long-term plan Infometrics (March 2020) + NPS
2013	83,500	83,500	83,500	83,500
2018	88,320	88,700	87,320	87,320
2021	90,700	91,820	90,896	91,612
2026	93,860	96,460	96,081	97,833
2031	96,280	99,782	100,144	102,505
2036	98,340	102,136	104,149	107,111
2041	100,060	104,198	108,743	112,394
2046	101,540	106,051	113,164	117,479
2051	No projections		116,804	121,664
Average annual change				
2013	386	386	386	386
2018	960	1,040	764	764
2021	800	1,040	1,192	1,431
2026	632	928	1,037	1,244
2031	484	664	813	934
2036	412	471	801	921
2041	344	412	919	1,057
2046	290	371	884	1,017
2051	No projections		728	837

Table 13 Household Projections - Breakdown

Period ended	Statistics New Zealand (December 2016)	2018-28 Long-term plan projections[1]	Infometrics (March 2020)	2021-31 Long-term plan Infometrics (March 2020) + NPS
2013	31,500	30,940	30,940	30,940
2018	33,500	33,000	32,773	32,773
2021	34,460	34,380	34,012	34,260
2026	36,000	36,680	36,128	36,799
2031	37,380	38,415	38,216	39,305
2036	38,560	39,647	40,055	41,419

2041	39,540	40,671	41,805	43,432
2046	40,320	41,485	43,511	45,394
2051	41,530		45,107	47,230
Average annual change				
2013	192	192	192	192
2018	400	412	367	367
2021	320	460	413	496
2026	308	460	423	508
2031	276	347	418	501
2036	236	246	368	423
2041	196	205	350	403
2046	156	163	341	393
2051	242		319	367

Statistics NZ updated household projections will not be available under the first quarter of 2022.

5.1.1 Strategic direction

Draft Long-Term Plan 2021

The 2021 Long Term Plan (LTP) has a sustainable growth outlook for housing, ensuring supply meets demand. The LTP outlines, housing affordability will be provided by rezoning sufficient land and providing supporting infrastructure. Targets outlined in section 7.6 will aid in implementing strategic direction in the LTP to meet housing demand.

Draft City Growth plan 2021:

The Draft City Growth Plan 2021 provides direction to Council as to how to address housing supply. This plan has specific reference to the NPSUD (2020), providing direction on how the city will create well designed and connected city development to contribute to affordable housing and long-term prosperity.

The housing and future development provides strategic direction on where and how the city will grow to meet the strong projected growth. This includes rezoning land at Kākātangiata, Aokautere and Ashhurst and updating the District Plan to enable intensification. Council also owns many sites where housing development could occur, these sites are discussed in section 4.6.11. Council and government land to be used for market and affordable housing will be identified.

Draft innovative and growing city strategy 2021:

The strategy outlines that PNCC will monitor the following:

- Ratio of rent to median household income in Palmerston North
- Ratio of house price to median household income in Palmerston North
- Number and type of new houses
- Location of new rural subdivisions

- Housing density

Future development strategy (FDS) –This document will be used to inform the FDS and will be developed in late 2021.

PNCC growth strategies are the evidence that there is sufficient development capacity. These growth strategies are available to the public and work is underway to bring land to the market within the proposed timeframes.

The direction of PNCC growth strategies will be impacted by external factors that are outside of the council's control. These factors can include population changes, environmental constraints, infrastructure availability and issues outlined in section 7.2. Council will continue to monitor population trends and the take up of land for housing developed.

5.2 Future housing capacity

Under section 3.24 of the NPSUD (2020), HBA's must estimate the short, medium- and long-term demand for additional housing within the city boundary. This must be expressed as number of dwellings, in different locations and in terms of dwelling types. Based on building consent data in section 3.4, the 3-year average for housing typology has been used to predict future housing growth.

Future housing demand capacity is based off a household growth projection of 2116 homes for the short term, 2088 for the medium term and 6891 for the long term. This is based on the Infometrics medium projection for household growth and the NPS. from a medium growth scenario[8]. This has been broken down based on an estimated demand for 37% Greenfield, 56% Infill and 7% rural, based on a past 3-year average for new houses. Meaning there is demand for 11095 homes for 25,908 people by 2051. These projections assume household size will decline over time due to an increase in couple only and single person households. The future projections may change as more one- and two-bedroom houses are built.

For PNCC's housing targets, including the competitive growth margin of 20% for the short/medium term or 15% for the long term, see **section 7.6**.

Table 14 Household demand by housing typology

	Greenfield	Infill	Rural	Total by household size
Short term demand (0-5 years)	783	1,185	148	2,116
Medium term demand (5 to 10 years)	772	1,169	146	2088

[8] Based on Infometrics data as at March 2020 for long term household projections

Long term demand (10-30 years)	2550	3859	482	6891
Total (demand for housing type for next 30 years by household size)	**4105**	**6213**	**777**	**11,095**

It must be taken into account that a re-calculation of population projections for Palmerston North is required due to September 2020 revisions of the estimated population showing the annual population growth in Palmerston North was 960 people a year. The Infometrics projections were based on the previous estimates, which suggest growth was 760 people a year. This means the demand for future house capacity in the table above could be higher. PNCC will re-evaluate this demand when the new population projections are released.

5.3 Social Housing capacity

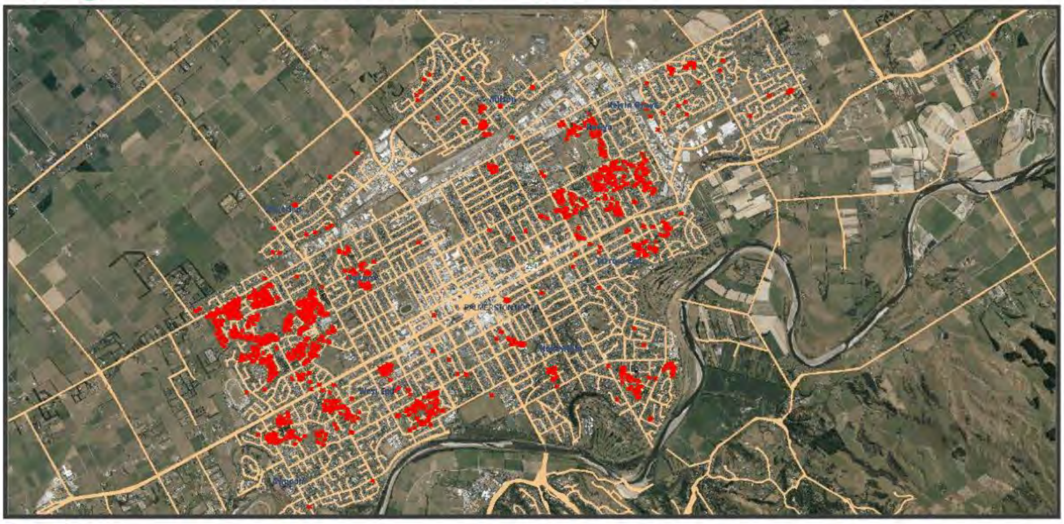
There are 685 households on social housing register in Palmerston North. The Public Housing Plan 2021 signals governments housing supply intentions for the next four years. Palmerston north is a priority area for the central North island and central government has recognised that the city is facing a housing shortage. This is where supply will be targeted.

Kainga Ora have strong investment plans for Palmerston North and are expecting to build a net increase of 300 social houses in Palmerston North by 2024. 31 new houses were built by Kainga Ora during the year 2020. Some of these were a replacement in old stock, leading to a net gain of 12 additional homes.

Based on Kainga Ora's plans of 300 houses by 2024, this will not be enough for the more than 685 on the register. Other social housing providers will need to fill the gaps as the social housing register is expected to grow. PNCC will review its land holdings to determine what is suitable for development as well as continued completion of the Papaioea Place social housing programme.

Figure 20 Kainga Ora owned housing in Palmerston North. Source: Kainga Ora (2021) – presented at the 2021 housing summit.

Kāinga Ora in the Palmerston North



Kāinga Ora
Homes and Communities

6 Feasibility Assessment

6.1 Overview

Under the NPSUD, objective 6: Local authority decisions on urban development that affect urban environments are:

(a) integrated with infrastructure planning and funding decisions; and

(b) strategic over the medium term and long term; and

(c) responsive, particularly in relation to proposals that would supply significant development capacity

The feasibility of using this land for housing is dependent on a number of factors. These can be environmental, economic and regulatory factors. Some of these can be mitigated by council but others are outside of the council's control and dependant on external factors. This section will discuss the following factors:

- District plan feasibility
- Development constraints
- Infrastructure and development contributions
- MBEI feasible development tool

6.2 District Plan feasibility

The last District Plan review was carried out in 2018, these changes were discussed in the 2019 Housing and Business Capacity Assessment. The next round of changes will be made to the District Plan as part of a review later this year and this will inform the next HBNA.

There have been discussions with the Planning Services team regarding what effects the 2018 District Plan Changes have had over the past 3 years. As mentioned in the 2019 HBA, changes to minor dwellings were made to increase 1 to 2-bedroom stock and increase rental housing supply to address affordability issues. Despite these changes, only 8 have been built in the past year. It can be observed that people tend to build sleep outs or rumpus rooms rather than self-contained units due to an additional set of rates having to be paid on the dwelling. Financial constraints may discourage uptake of minor dwellings, especially outgoing costs for construction. This year, a minor dwellings development guide booklet will be made available to the public, with rules and layout options for minor dwellings (see Section 7.3.2).

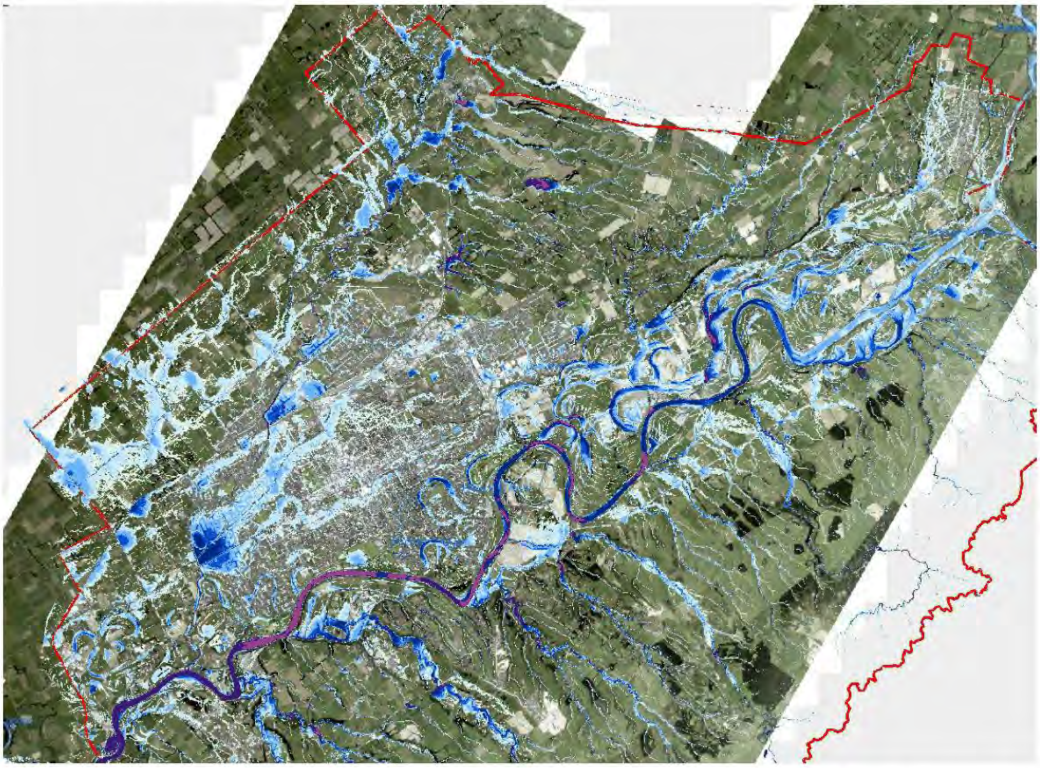
The future District Plan review could provide options for increased intensification through changes to lot sizes and the multi-unit criteria. As land prices are increasing substantially (refer to section 7.2.2), smaller minimum lot sizes provide opportunities to increase affordability, therefore this could be a feasible option to provide for smaller homes and multi-unit developments. This will need to be carefully balanced against the need to provide for good quality development outcomes.

6.3 Development feasibility

6.3.1 Introduction

Development constraints can also affect the feasibility of some plan changes. The main issues affecting the development feasibility of plan changes tend to be the need for additional infrastructure or pressures on existing networks, flooding related or environmental constraints.

Figure 21 Flood prone areas in Palmerston North



Palmerston North is surrounded by flood plains, versatile soils and the Manawatu River. There are also inner-city flooding risks due to elevation and ponding during heavy rainfall events. Flooding is a common risk that constrains new housing development. By the end of this century flooding events are four times more likely to happen due to climate change in the Manawatū – Whanganui Region.

Community infrastructure is affected by all growth, especially roads and water networks. Often upgrades and extension of infrastructure are needed to cater for residential growth. This is funded through development contributions (refer to 6.4). However, due to increased use of infrastructure, networks can deteriorate faster, requiring more ongoing future funding to keep them maintained and fully operational.

6.3.2 Greenfield

The future growth of Aokautere is affected by slope stability and gulley system issues. There are parts of Aokautere that cannot be built on due to unstable ground, associated with its higher elevation. To mitigate this, development is guided by a structure plan and geotech reports are provided as support.

Kākātangiata also has a number of development constraints. The risk of natural hazards has impact on this growth are as flood prone areas are located on the northern edge while there is a high liquefaction risk in the southern portion. However, these risks can be mitigated by foundation design. Kikiwhenua (plan change C) is a part of this wider area and transport constraints were identified during the plan change process. A new intersection needs to be provided for Kikiwhenua and Kākātangiata to accommodate increases in traffic flows. This greenfield plan change is unique as there is existing ownership in this area, made up of 150 lifestyle blocks. This creates the risk of fragmentation. The area also contains high-class soils, leading to the risk of losing versatile soils for food production.

Whiskey Creek is also at risk of flooding due to being next to the floodway for the Mangaone stream. The risk of flooding in a major flooding event is unlikely due to mitigation measures such as minimum floor levels and no building zones where pooling is likely.

the need to supply more housing means the benefits outweigh the costs of preventive measures. These development constraints in greenfield growth areas can be managed and mitigated as they are not considered to significantly restrict the amount of new builds. All greenfield plan changes have undergone technical assessments which have not indicated any constraints of concern.

6.3.3 Infill development constraints

The primary constraint for infill development is infrastructure capacity, particularly stormwater. Stormwater infrastructure is becoming significantly difficult to manage. Large parts of the network are at full capacity in large storm events[9]. As increased infill development occurs, water that was previously able to be absorbed into lawns or gardens are being directed to the reticulated stormwater network. Due to capacity constraints, recent infill developments have been required to provide onsite solutions to manage their stormwater effects. This is a suboptimal solution. While it addresses the infrastructure constraint problem, it creates a poor amenity outcome and is likely to become a maintenance and enforcement problem in years to come. The major risk is that property owners adapt stormwater tanks for purposes other than what they are intended for (e.g. storing water for summer gardening). If the primary role of the onsite solution is compromised, the wider network is likely to be affected. This could result in localised stormwater related flooding. A District Plan change will be required to address this problem. Council may also need to invest in Stormwater Mains upgrades to ensure its infill development targets can be achieved in the short, medium and long terms.

Past land uses can also impact the development of new infill sites. This is the case with Plan Change E – Roxburgh Crescent which is currently zoned industrial. Contaminated land is a direct result of industrial use. Industrial activities have been occurring at Roxburgh Crescent since the late 1950's. Some parts of the proposed subdivision are confirmed to be HAIL (Hazardous Activities and Industries List) sites. This may also be the case when looking at the Albert Street Depot as a potential site for housing, due to use of hazardous chemicals on this land (nurseries etc).

[9] stormwater-asset-management-plan-april-2021.pdf (pncc.govt.nz)

Figure 22 Location of Hail activities at Roxburgh Crescent

This means future remediation work may be required of contaminated sections and it will likely require a site management plan. Council will know more about the extent of contaminated land when the site undergoes the resource consent process.

6.3.4 Rural/ Residential

There has been an interest in serviced rural residential sections such as Hartwell Drive and Kingsdale Park; however, it is not sustainable long term to provide serviced rural residential sections as this creates large costs to fall on council to extend infrastructure networks. Extending infrastructure services to rural areas is seen as an inefficient form of infrastructure investment.

Maintaining rural amenity is critical to avoid blurring the line between rural and urban. The District Plan discourages lifestyle blocks and fragmentation of rural land to maintain amenity. The Rural Zone also contains versatile soils and places of local food production. It is important that versatile soils are maintained as once they are built on, they lose their high productive value. This will become more significant when the proposed National Policy Statement for Highly Productive Land comes into force.

6.4 Infrastructure and Development Contributions

As the city grows and housing development intensifies, infrastructure must be able to handle extra capacity. Greenfield growth often requires an extension in community infrastructure to service new areas. On the other hand, infill development places pressure on existing infrastructure networks, increasing the risk of failure.

Development contributions are a tool under the LGA (2002) to recover the cost of upkept and extension of community infrastructure networks. A development contribution is required when a new development occurs, which is then paid by the housing developer or those undertaking the new build. Based on the Draft PNCC Developments Contribution Policy 2021, the general development contributions charge for a new residential lot is $ 10,758 (effective on 1/7/2021). This is low from a national perspective, despite an average $3000 increase for residential development since the 2018 DC policy. This increase is related to significant investment in growth related infrastructure to support strong projected demand.

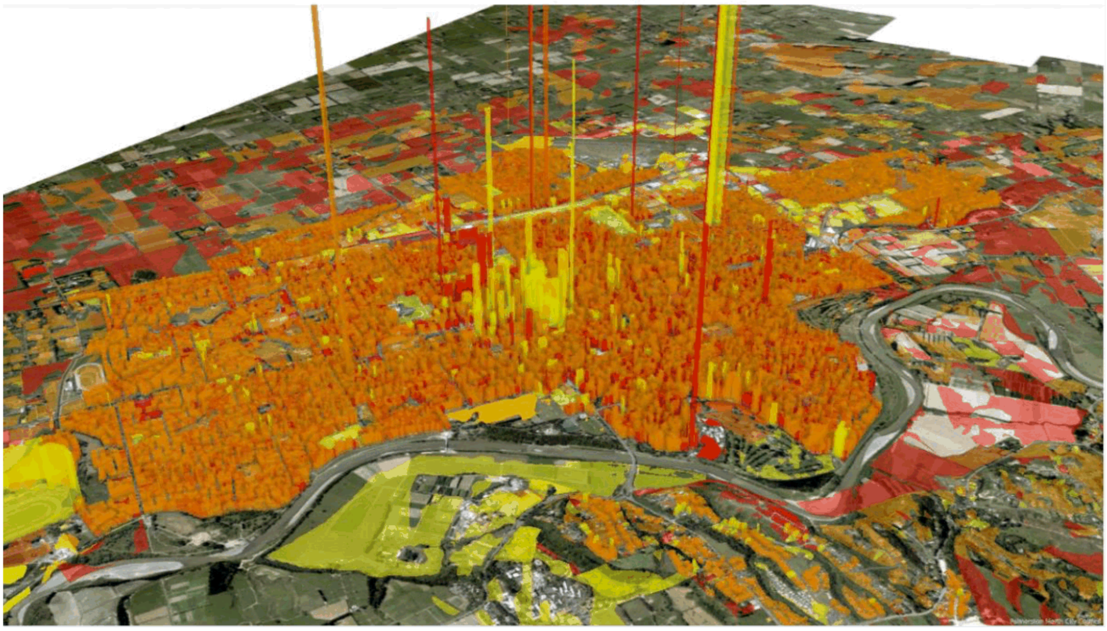
6.5 MBEI Feasible Development Tool

Housing development can be a risky process for developers. The cost to bring land to market needs to be recovered when it is sold, to turn over a sufficient profit. For the development to be worthwhile profits need to be a minimum of 20%. The MBEI feasible development tool, can help determine profit maximisation.

The MBEI development feasibility tool has been used to estimate feasible development capacity for growth areas listed above. This tool indicates how many houses can be built for each growth area, considering key inputs such as time to develop and outputs such as costs.

Price to cost ratio – this has been developed by MBIE to measure the extent to which land value determines the total cost of housing in each urban area. This indicates the extent to which house prices are driven by their construction costs. PNCC analysis of price to cost suggests that most of the existing urban environment is able to support at least one additional residential infill development. This is due to significant land value increases in recent years.

Figure 23 Land vs Capital values ratio



Assumptions from the MBEI provided development feasibility tool measured against growth areas will be provided once up to date property valuation data is obtained by council at the end of 2021 and development constraint assumptions are reviewed by development experts. The current land valuation data is too out of date to be used reliably to assess feasibility. All the major growth areas were assessed in the 2019 HBNA and showed that all areas were feasible to develop, and most were profit maximising. Land value is expected to increase significantly from the 2018 values. Borrowing costs are also at historic lows. The assumption is that this will make development more feasible than what was identified in 2019.

7 Housing Analysis

7.1 Overview

This section will provide an analysis of:

- Constraints
- Opportunities
- Comparisons
- Assumptions made based on the findings of this report and data to support it.
- Growth Targets

7.2 Constraints

7.2.1 Construction and development industry

Housing developers in Palmerston North follow a traditional housing model, which consists of low to medium density housing consisting of 3 or 4 bedrooms. Despite the MBEI feasible development tool indicating in 2019 more profit maximisation from building at a higher density, few developers have taken up this option. This impacts on housing affordability, as houses tend to be large in size, only catering for a higher income household and limiting market choice. The District Plan has also played a role. Developers tend to take conservative permitted baseline approaches to development. For example, favouring lot sizes larger than 350m^2[10] to avoid delays and urban design reviews.

In the recent housing policy announced by central government, investment has been encouraged towards providing for more new builds, by making it more difficult to speculators to purchase and operate existing properties as rentals for investment purposes, and through providing incentives, such as applying 5 years to the bright lines test for new builds, rather than 10 for existing properties. The policy change seeks to increase supply by channelling investment into creating new housing stock. A key constraint of this central government initiative is the construction industry is at capacity in terms of materials (especially timber) and labour. This has led to increased construction costs and delays due to closed borders. This may mean choosing a new build as an investment option may not be as desirable due to risk of slow construction and additional building costs.

7.2.2 Land values and affordability

Under the NPSUD (2020), section 3.23 requires an analysis of the housing market and how it impacts planning. This must include local authorities planning decisions and an analysis of affordability and competitiveness of the local housing market.

Data for land values and capital values was obtained from Quotable Value which gives a market value indication of house and land prices. Data obtained from QV

[10] Minimum lot size in PNCC district plan

suggests the average market value for a house in Palmerston North is **$687,537** as at April 2021 (see Figure 24). The lower to upper quartile land and capital values based on sales from 01/03/2021 to 30/04/2021, is shown in the table below:

Table 15 Lower to upper quartile values March to April 2021. Source QV 2021.

Lower Quartile	Median Quartile	Upper Quartile
Gross Value $570,000	Gross Value $660,000	Gross Value $780,000
Land Value $310,000	Land Value $360,000	Land Value $415,000

Low interest rates, high demand, lack of supply and high mortgage lending have led to record growth in house and land prices. According to QV, mortgage borrowing has reached new levels with $10.4 billion advanced in mortgages, with $1.7 billion of this figure made up by first home buyers. High mortgage debt may become difficult to service when interest rates increase, affecting low to middle income earners the most.

PNCC aims to provide a range of housing option through council land that has been rezoned for housing. Tamakuku Terrace provides this opportunity (refer to section 4.6.9). Council have received affordable housing proposals for Tamakuku Terrace from three providers: Homes for People, Te Tihi o Ruahine Whanau Ora Alliance and Te Ranga Maro Charitable Trusts. This also provides opportunity and options to cater for Maori housing needs outlined in section 2.3.1.

As of May 2021, the new tax changes announced from central government have yet to dampen the market nationally. QV have indicated that the Manawatu – Wanganui region is still showing strong monthly growth. It is unknown what level this will slow down over the next few months, but a market slowdown is expected. PNCC will continue to monitor these changes.

Figure 24 House price index April 2021. Source: QV 2021.

	Area	Average value	3 mth change
1	Whangarei District	$717,574	10.4%
2	Auckland Region	$1,306,913	8.2%
3	Tauranga City	$992,087	7.8%
4	Hamilton City	$792,772	8.0%
5	Rotorua District	$663,642	6.5%
6	New Plymouth District	$636,439	9.0%
7	Napier City	$798,568	14.2%
8	Hastings District	$797,034	14.0%
9	Palmerston North City	$687,537	10.9%
10	Wellington Region	$983,923	10.8%
11	Nelson City	$765,247	6.3%
12	Marlborough District	$684,954	13.7%
13	Christchurch City	$624,285	9.5%
14	Queenstown Lakes District	$1,383,181	6.1%
15	Dunedin City	$659,447	7.0%
16	Invercargill City	$436,759	9.2%
	New Zealand	$913,209	8.9%

7.3 Opportunities

7.3.1 Intensification

As land values increase, subdivision and intensification on land use becomes more worthwhile due to monetary gains. Intensification is a more sustainable option for the city due to environmental constraints outlined in the section above. When land values increase as a share of capital values, this makes replacement of ageing housing stock more profitable.

City centre living is also an option provided for in the district plan as a restricted discretionary activity in the inner business zone. There is a high building vacancy in this zone and no development contributions are required if it's a conversion of an existing building in the inner-city zone.

Council will continue to encourage and support intensification as a more sustainable development outcome for housing.

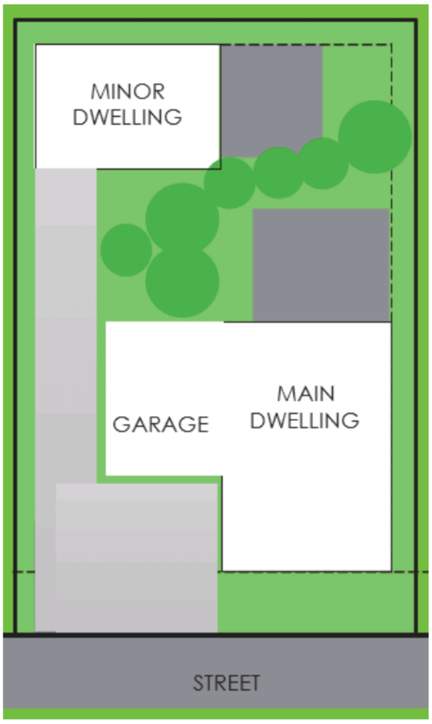
7.3.2 Delivering Change Programme

Council can assist developers with design advice through its delivering change programme. While the budget is small, it has proven itself to be useful for applicants looking to test options for increasing density and navigating the resource consenting process. The intention of the fund is to facilitate co-creation between Council and applicants. This programme will continue to be promoted to support the development community, which to date has not prioritised resourcing design expertise to assist in complex developments or higher density proposals which trigger urban design considerations. Increased resourcing for this programme will be necessary if growth in multi-unit or complex developments continues.

Minor dwellings

Despite District Plan changes made in 2018 to make it easier to build minor dwellings, uptake has been low. Minor dwellings can be an affordable housing option to meet demand. Minor dwellings provide an opportunity to increase housing supply without a resource consent (if they meet the residential zone permitted activity design standards). Minor dwellings can be an alternative option for those who cannot subdivide their property.

Figure 25 Example of a Minor Dwelling plan



Minimum lot sizes

Resource consent data shows that there has been an increase in applications for undersized lots (below the 350m² minimum lot size). The most common subdivision application is still overwhelmingly for lots greater than 350m², as it is more straight forward consenting process and allows the retention of an existing dwelling, which makes bank financing easier to access. Further monitoring of consenting data will be undertaken on an annual basis to determine whether a reduction in the minimum lot size is necessary.

Reducing the minimum lot size will increase the capacity of more affordable plan-enabled infill opportunities, which will provide greater opportunities to supply more affordable housing options. The same also applies to Ashhurst, where the minimum lot size is significantly higher than the city, at 500m2. has a larger minimum lot size of 500m^2. Land values are significantly lower in Ashhurst. Additional growth there could provide greater opportunities for first home buyers and others seeking more affordable options. Given the village character of Ashhurst, aligning the minimum lot size with Palmerston North may not be appropriate. A future Ashhurst focussed plan change provides an opportunity to explore options to reduce the minimum lot size and enable additional affordable housing opportunities to meet strong projected demand, particularly over the next ten years.

Multi-Unit

Uptake of multi-unit development has been increasing over the past 3 years, especially by social housing organisations. Feedback from the development community has suggested the consenting pathway for multi-unit is time consuming and difficult to navigate. The local development community has not responded well to the design-led approach of the District Plan review. Support is available to assist developers with complex and challenging projects, via the 'Delivering Change' budget administered by Council's Senior Urban Designer. The budget is only small but has been helpful in assisting developers in delivering co-created solutions that deliver on the outcomes the community has endorsed through the development of the District Plan. As the District Plan matures, the local development community will need to adjust to regulation and resource the consenting processes appropriately (with design expertise) to uphold the community outcomes sought for multi-unit development. Analysis of the effectiveness of the current District Plan is also under way to consider whether improvements could be made to streamline the consent process and deliver greater certainty to applicants. Initial potential improvements that have been identified include: simplifying assessment criteria, introducing design guides, and increasing the minimum height standard to enable three story development. Creating intensification zones should also be considered. Any new developments in these locations should be required to deliver intensified development, including multi-unit housing.

Urban Design

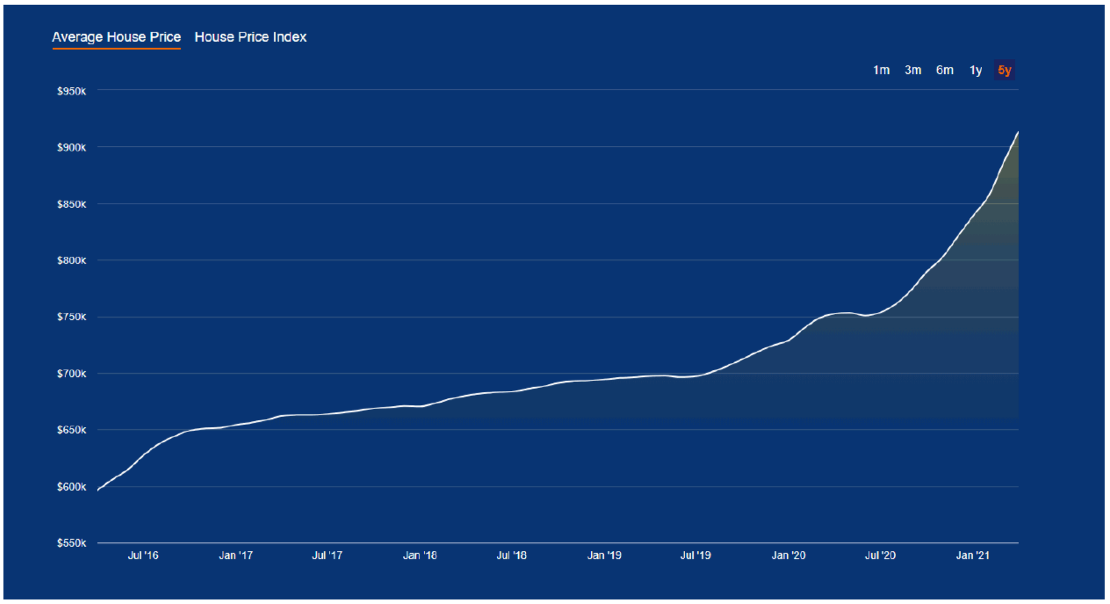
Urban design plays an important role in the development of housing by creating sustainable and well-functioning environments. As the city's housing intensifies, urban design mitigates the negative effects of intensification From discussions with the development community, internal planning staff and the Senior Urban Designer, there are opportunities to provide more direction in the District Plan to improve development design outcomes in a manner that the development sector can more clearly understand. The development community in Palmerston North will also need to enhance their understanding of urban design to ensure that they can best navigate the consenting pathways for developments that are beyond the permitted standards. The Council's delivering change programme, administered by the Senior Urban Designer, is available to support developers to innovate or deliver unconventional developments.

7.4 Comparisons

7.4.1 Nationally

Palmerston North's average house price of **$687,537** is significantly lower compared to the national average of **$913,209** as at April 2021. Palmerston North is still more affordable than other parts of the country. This could be a contributing factor to a surge in demand and population growth, as the regions have become more affordable than main city centres such as Wellington and Auckland.

Figure 26 Average house price for all of New Zealand. Source: QV (2021)



7.4.2 Neighbouring Councils

Regular discussions between PNCC and Manawatu District Council (MDC) have been held regarding housing and growth. This collaboration included sharing methods on assessing supply, growth strategies and district plan opportunities. The following comparisons have been made:

- There is poor infill development uptake in the Manawatu District urban areas and private landowners show no interest in its uptake. Palmerston North is experiencing the opposite – there is a high demand for infill.
- The Manawatu District suffers from rural fragmentation as rural residential development is desirable by its residents and their district plan does little to prevent this. Palmerston North's district plan is restrictive towards lifestyle blocks which may push people to the Manawatu district.

- The average house price in the Manawatu District is **$612,858** which is slightly lower than Palmerston North. However, the Manawatu District is experiencing high increases in house prices.
- MDC are also seeing a high number of new houses built.

Our highest share of commuter workforce traffic comes from the Manawatu District as Feilding is the closest minor urban area to Palmerston North. As our closest neighbouring council, PNCC will continue to collaborate in the future and share resources where needed with MDC.

7.5 Assumptions

Based on the findings in this report the following assumptions have been made:

- There is demand for smaller bedroom houses (1-2), based on household projections, and data obtained from social housing register.
- Growth in house prices will continue in Palmerston North, driven by strong employment and population growth.
- Based on population trends and economic data, Palmerston North is growing faster than expected. There has been a strong trend of inward migration to the city and less outflow of city workforce to neighbouring territorial authorities, increasing demand for housing. This means plan changes outlined in this report may need to be brought forward to meet demand.
- Despite the growing rate of building consent for residential builds, this is not enough to keep up with short term demand due to historic under supplying of housing (see section 3.2).
- The average household size is expected to decline in Palmerston North which could mean more houses may be required in the long term.
- The traditional development model (see section 7.2.1) used by Palmerston North housing developers needs to change as the city grows and intensification is required.
- There is enough supply to meet demand in the short-term, but additional land will need to be rezoned and changes made to intensification controls to meet projected medium- and long-term requirements, including additional 20% and 15% competitive growth margins.
- Multi-unit development will continue to increase due to developments undertaken by Kainga Ora.

7.6 Housing Targets/Bottom lines

Under policy 7 of the NPSUD (2020) local authorities are to provide an additional 20% competitive margin for the short and medium term, and 15% in the long term above the projected rate of demand (refer to section 5.2). This sets bottom lines that are over and above the expected demand which will feed into the District Plan. Our targets are:

- Setting a target of 55% of new houses being infill typology (including multi-unit, minor dwellings etc) over the short term. This will be adjusted down to 45% in the medium term and 40% in the long-term, reflecting the fact that significant greenfield capacity will be enabled through upcoming plan changes.

- Targets for Greenfield in the short-term will be 40%, which is slightly higher than the three-year demand basis to account for plan changes coming into effect. In the medium term the target will increase to 50%, reflecting an increase in supply through rezoning at Ashhurst, Aokautere and Kākātangiata. In the long-term, the target is 55%.
- Rural targets will be 5% across all periods.
- Applying the competitive growth margin to projected population growth. Housing needs to cater for a population of 121,664 by 2051, which is close to a high growth projection scenario.

See the table below for how these targets compare to the demand:

Table 16 Short, Medium- and Long-term targets for homes needed

	Short-term	**Medium-term**	**Long term**	**30-year total**
	July 2021 - June 2024	**July 2024 - June 2031**	**July 2031 - June 2051**	**July 2021 - June 2051**
	Short-term target includes an additional margin of 20%	***Medium-term target includes an additional margin of 20%***	***Long-term target includes an additional margin of 15%***	
Total household growth	**Minimum growth target**			
	1514	**3532**	**7,925**	**12,970**
	Demand (not including competitive margins)			
	1261	**2,943**	**6,891**	**11,095**
Projected residential preference - based on minimum growth target				
Greenfield	605 (40%)	1766 (50%)	3,963 (55%)	6,334
Infill[1]	832 (55%)	1589 (45%)	3170 (40%)	5,591
Rural/ rural-residential	76 (5%)	177 (5%)	396 (5%)	649
[1] **Infill share includes retirement villages and apartments**				

Adding these growth margins to Infometrics medium growth projections results in the need for the Council to plan for population and household growth similar to the Infometrics high growth projections. Net growth in housing stock in 2020 was above the medium Infometrics projection for 2018 to 2023, but below the medium plus 20% growth rate. Commitments by Kainga Ora to increase its construction of new houses in Palmerston North is likely to result in growth in net housing stock above the NPS plus 20% growth margin over the next two years. It is currently expecting to build 220 houses in 2022 and 160 in 2023.

8 Conclusion

The purpose of this report is to provide an update on the 2019 HBA to meet statutory requirements under the NPSUD (2020). The findings from this report will inform future Long-Term Plans, Future Development Strategy, District Plan changes and the 2022 Housing and Business Needs Assessment. PNCC have sound and progressive growth strategies that will contribute to the delivery of sustainable and well-functioning urban environments.

A combination of strong growth and past years of under supply is a contributor to the need for more capacity in the medium and long-terms. In the short-term, Palmerston North has a total capacity for **2,737** homes (1417 infill and 1,320 greenfield).In the medium and long terms an additional **7,810** greenfield lots will be rezoned.

Further infill subdivision capacity may need to be enabled in the medium-term to enable projected growth demands to be met. However, this will be dependent on the market and whether the traditional infill model of subdividing the front or backyard, while retaining the existing home, is replaced with the more recent trend of removing older housing stock and maximising yield. Should the latter option become more common, there is ample opportunity within the existing urban area to accommodate housing growth for the next 30 years.

Infill and intensification will continue to be promoted as a more sustainable development option. However, as required by the NPSUD, greenfield growth will be provided to meet projected market demand. This demand profile is likely to change over time and future capacity assessments will provide an opportunity to reset targets to meet strategic goals and shifting market preferences as they become known.

Palmerston North is still more affordable, compared to the national average. This may encourage further inward migration to the city, further increasing demand for housing. If this occurs, upcoming greenfield plan changes and will be able to accommodate growth in the medium term. If significantly higher growth than anticipated eventuates, a greater proportion of growth will likely need to be accommodated in the existing urban area through infill and intensification. Significant rises in land values across the city make this proposition economically feasible to accommodate. Housing data suggests there is a strong market demand for smaller, more intensive housing; however, the local development sector is not meeting this need. The Council may need to show some leadership on delivering intensification if the local development sector is unable or unwilling to deliver it.

9 Housing Recommendations

9.1 Rezoning

To ensure there is enough land for housing to meet demand with projected growth targets and competitive margins, the following recommendations have been made:

- Progress the identified growth area plan changes to provide for medium- and long-term greenfield growth options.
- Provide for a range of section sizes in greenfield growth areas to encourage efficient use of land to meet project demand. This should include the provision of multi-unit development in all new growth areas.
- Establish the future growth areas as ultimate urban edges, to prevent future sprawl.

9.2 Promote minor dwellings

Despite minor dwelling uptake being low, PNCC recommend that the following are done:

- Use social media and other forms of publicity to make the community aware that minor dwellings are a permitted activity, if all performance standards are followed.
- Publish the minor dwelling booklet on the PNCC website and make available at the Library and front of house.

9.3 Undertake council owned housing development and investigate opportunities to repurpose reserves for housing

Council can demonstrate development of affordable housing through council-led housing developments at Huia Street or Summerhays Street. This provides an opportunity to encourage private housing developers to shift towards a more sustainable form of housing, through intensification (multi-unit) and to move away from the traditional large stand-alone house development model. This can reassure the development community that there is a demand for this type of housing to meet a growing market need for smaller houses.

Investigations should also be undertaken to determine whether under-utilised reserves, including sports fields, could be partially or fully repurposed for housing.

9.4 Develop Partnerships

Council will continue maintaining relationships with the development community and landowners of land that has potential for housing. However, Council have identified opportunities to take this relationship further, by developing partnerships with housing developers to produce affordable housing options. It is recommended that partnerships can be developed by:

- Partnering with iwi and social housing providers.
- Sharing budgets and resources i.e. council land and private land in partnership with housing providers.

- Investigate a development model that allows high quality, affordable homes to be built with collaboration between PNCC, community stakeholders, construction industries and housing developers.

9.5 Promote and enable intensification in more locations

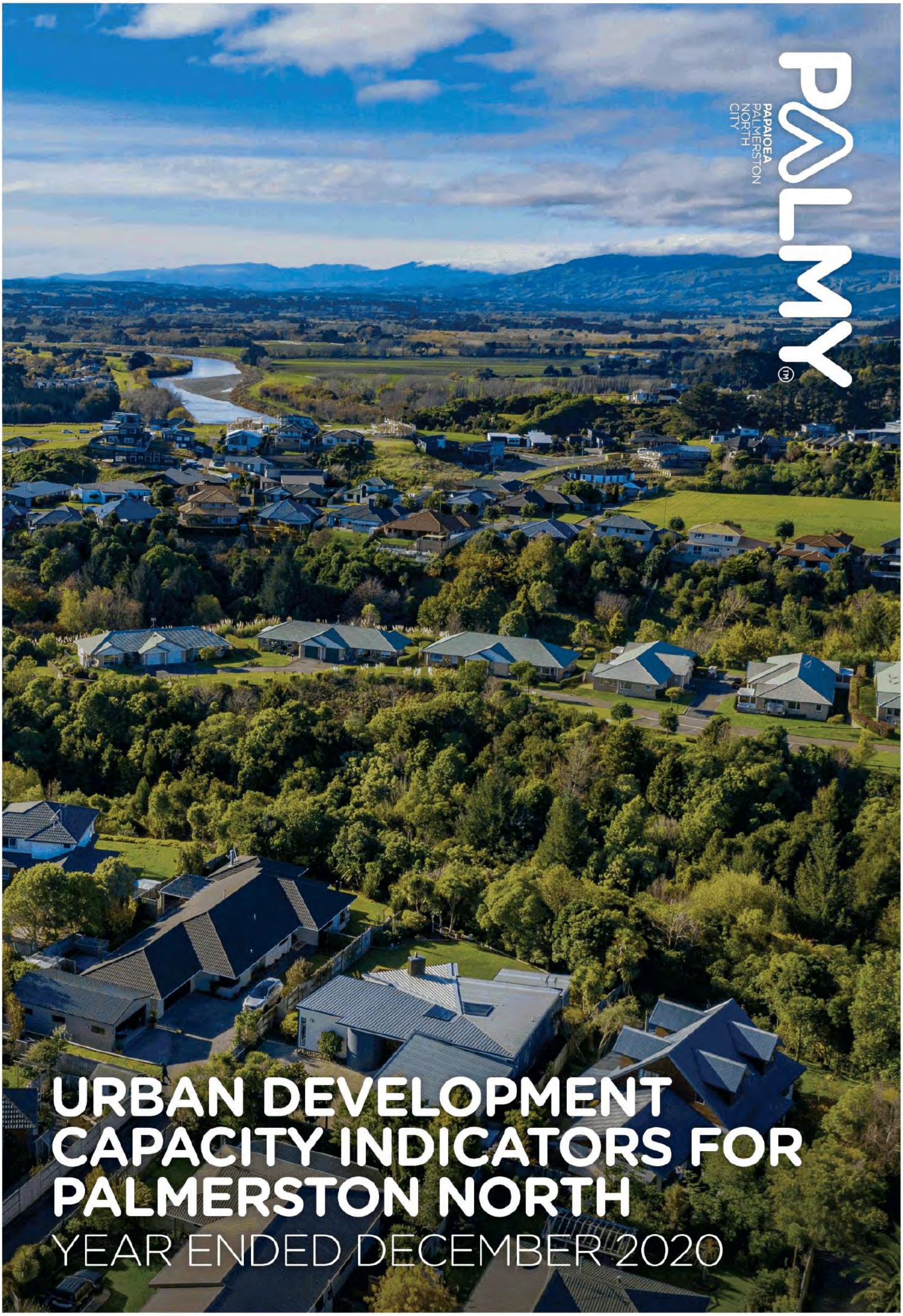
Intensification could be further encouraged through:

- Creating an urban design guide to support intensification and infill.
- Consider reducing the minimum lot size from 350m2 in the Palmerston North residential zone and down from 500m2 in Ashhurst.
- Improve stormwater regulation in the District Plan, especially with infill development and/or invest in stormwater infrastructure upgrades.
- Consider creating multi-unit zones, making it compulsory to build multi-unit in particular areas.
- Reduce complexity for multi-unit developments by simplifying the assessment criteria and making rules clearer.
- Upskilling developers in urban design requirements through facilitated workshops.

Outside of the district plan, intensification needs to be supported by integrated transport corridors to increase walkability and sustainable transport options to reduce congestion. It is recommended that PNCC should continue to work closely with Horizons Regional Council on the urban bus network to ensure it aligns with city growth. Provision of active transport infrastructure should also be facilitated by Council to support intensification. This includes delivering the Urban Cycle Masterplan and Innovating Streets programme to make investment in intensification more attractive and viable.

9.6 Restrict Land Banking

The current rating policy incentivises developers with large landholdings to slowly release land for development. A discounted rate is applied to developable land that is greater than 5 hectares. For example, a 10 hectare block only has to pay full residential rates for 5 of the 10 hectares. Applying full residential rating to land that is zoned and serviceable may encourage land to be released faster. The rating policy should be reconfigured in its next review to encourage faster release of land and reduce land banking of serviced land.



URBAN DEVELOPMENT CAPACITY INDICATORS FOR PALMERSTON NORTH

YEAR ENDED DECEMBER 2020

Contents

1. Annual economic overview

1.1. Economic growth recovered in Palmerston North during the second half of 2020, following a decline in GDP during COVID-19 Level-3 and Level-4 restrictions that were in place between March and May. Infometrics provisional estimates suggest GDP in the city declined by 0.7% in the year to December 2020 compared with a national decline of 2.6%. GDP growth in the city was supported by strong growth in construction activity, with the value of building consents issued reaching $361 million in the year to December 2020.

1.2. Strong growth in house prices and rents in the city during the last six months of 2020 points to further demand for the construction of new housing during 2021 and significant land supply constraints.

1.3. The number of people in the city receiving MSD benefits in December increased by 30.9% from December 2019, while national job seeker benefit numbers increased by 44.1%. There was strong growth in benefit numbers in Auckland, Canterbury and Otago.

Key statistics for Palmerston North

Population estimate as a 30 June 2020[1]	90,400
Filled jobs as at December 2020	47,899
Annual earnings (salaries, wages and self-employment) - year ended March 2019	$3,027 million
Electronic card retail spending – year ended December 2020	$1,181 million
GDP (2020 prices) – year ended December 2020	$5,215 million
City land area	39,500 ha

2. Annual trends summary

2.1. Palmerston North's economy grew by 0.6% in the December 2020 quarter, but declined by 0.7% in the year to December 2020 (Infometrics provisional estimate). GDP for New Zealand declined by 2.6% in the year ended December 2020.

2.2. Population growth strengthened in the year to June 2020, increasing by 1,300 people between June 2019 and June 2020, an increase of 1.5% (Statistics New Zealand provisional estimates).

2.3. The number of filled jobs in the city declined by 0.9% between December 2019 and December 2020. That followed an increase of 4.1% in the year to December 2019, with a significant increase in construction activity boosting jobs in the city. The decline is also due to revisions to Defence Force jobs at Linton and Ohakea.

2.4. Electronic card retail spending in Palmerston North was $1,181 million in the year ended December 2020, a decline of 2.2%, while national spending declined by 3.7%.

2.5. The Palmerston North inner CBD area attracted one-third of retail spending in the City in the 12 months ended January 2021 ($386 million) while the outer CBD area attracted a further 15% ($185 million).

[1] Provisional.

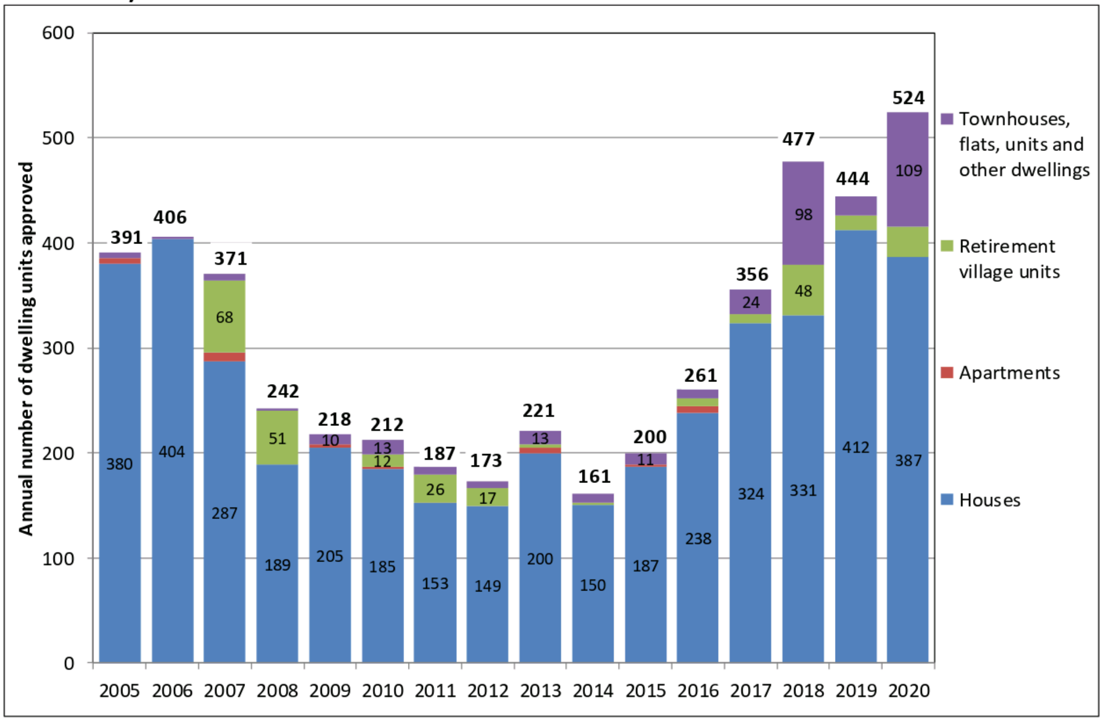
3. Palmerston North's housing market

Residential building consents

3.1. Consents for 110 new residential dwellings were issued in the December 2020 quarter, a decline of 14% from the December 2019 quarter.

3.2. In the year ended December 2020, 524 new residential dwellings, valued at $172 million, were approved for construction in Palmerston North. The number of new dwellings approved in the year to December 2020 increased by 18% (80 more dwellings) from the previous year and the value of consents increased by 16%. The total number of new dwellings consented in New Zealand increased by 5% in the year to December 2020.

Figure 1: New residential dwelling units consented by building type (years ended December)



Source: Statistics New Zealand

3.3. There have been no apartments consented in Palmerston North since 2016, but there has been growth in the number of dwellings recorded as townhouses, flats, units and minor dwellings. The replacement City Council Papaioea pensioner housing boosted consent numbers in 2018 and 2020, but changes to the Council's District Plan to enable the construction of medium density housing and minor dwellings have also contributed to the growth in consents in this building category. The retirement village consents approved from 2018 to 2020 are due to the construction of the BUPA retirement village on Napier Road.

3.4. Area unit data for new dwelling consents shows Tremaine was the largest area unit during 2020, but a large share of these consents was for relocatable houses and the new BUPA retirement village development on Napier Road. Poutoa and Ashhurst are the main areas where greenfield housing development is occurring. West End was boosted the construction of the Soho apartments and Papaioea was boosted by the construction of new Council houses.

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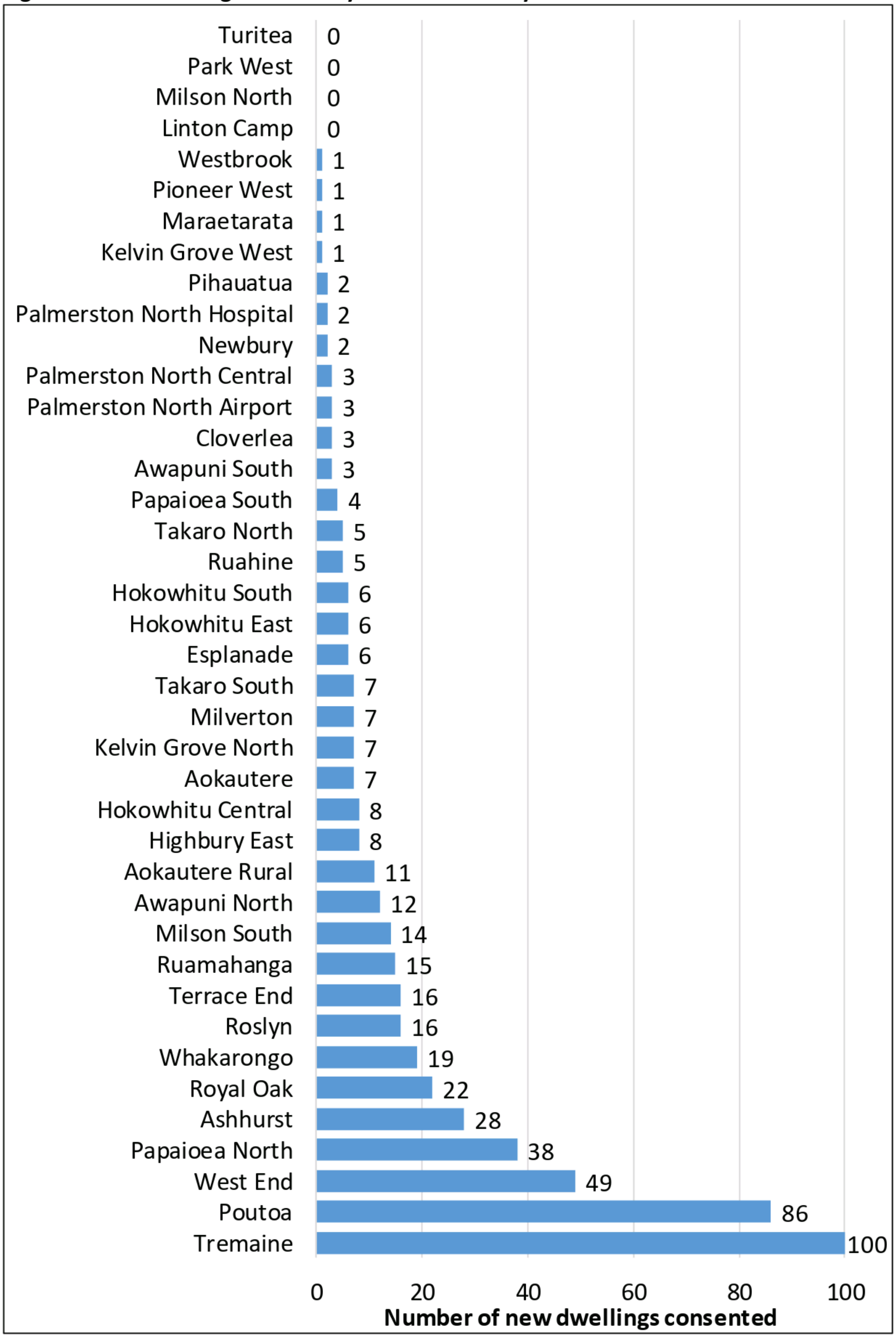
Figure 2: New dwelling consents by area unit in the year to December 2020



Source: Statistics New Zealand

3.5. Over the last three years there has been an increase in the number of dwellings approved in the Papaioea, Terrace End and Roslyn area units. Infill housing has generally occurred at

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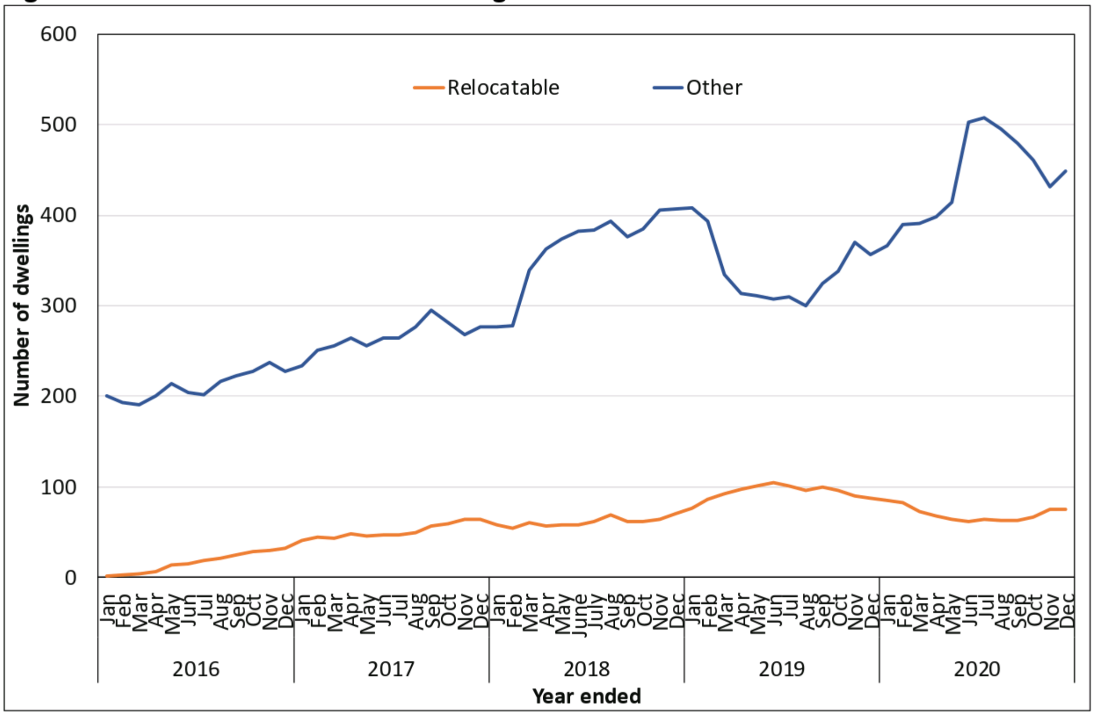
higher levels on the eastern side of the city, particularly in Hokowhitu and Roslyn, but increasing land values on the western side of the city are now encouraging higher levels of infill development across most parts of the urban area.

3.6. This trend will continue due to increased construction of one- and two-bedroom houses by Kainga Ora (formerly Housing New Zealand). Most of this is occurring through the removal or demolition of houses on large sections and their replacement with an increased number of small houses.

3.7. The number of building consents issued for relocatable dwellings declined during the second half of 2020. Annual consents for relocatable dwellings peaked at 104 in the year to June 2019 but by December 2020 the annual total had declined to 75. Just five of the relocatable dwellings consented in the year to December 2020 were identified as going to a site in Palmerston North.

3.8. Data supplied by the companies producing relocatable dwellings shows that most houses were relocated to sites across 15 territorial authorities in the lower North Island. Council is monitoring the production and destination of relocatable homes to assess the annual net change in housing stock in the city. There is incomplete data on the destination of the houses consented between 2017 and 2020.

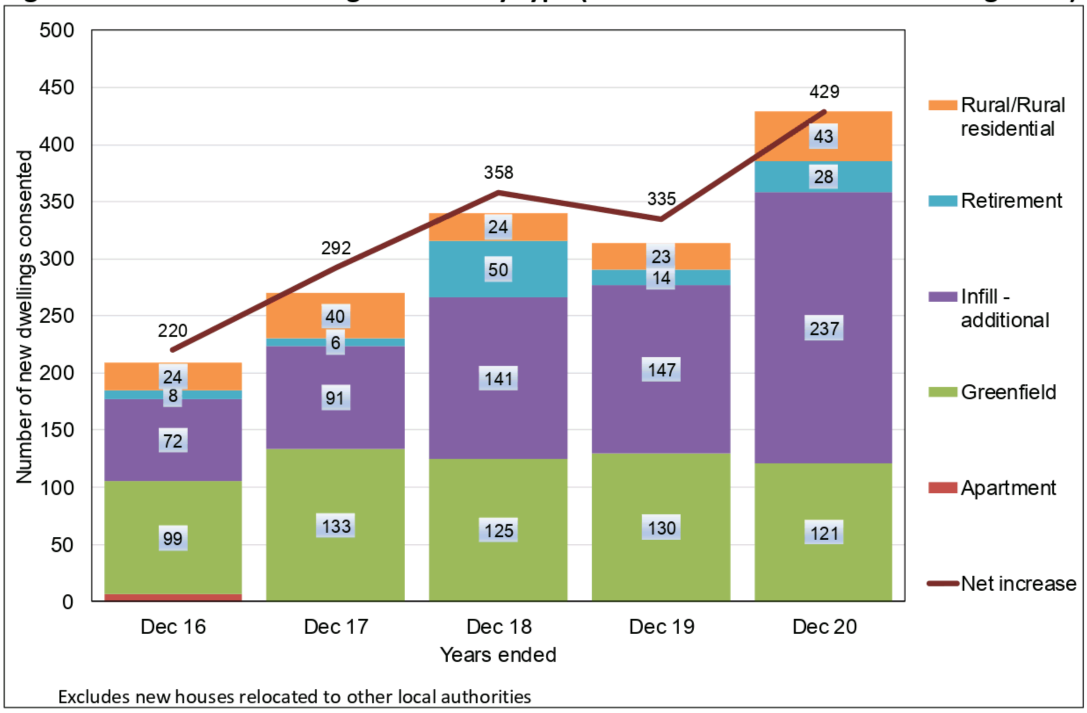
Figure 3: Number of relocatable dwellings consented in Palmerston North



Source: Palmerston North City Council

3.9. Council monitoring of housing by type of development shows significant growth in the proportion of additional housing supplied by infill housing, while the greenfield share has declined. This is due to the District Plan changes noted early, large housing developments (Papaioea council housing and Soho apartments), very strong growth in average land values and a shortage in the supply of greenfield land.

Figure 4: Residential dwelling consents by type (estimated net increase in housing stock)



Source: Palmerston North City Council

3.10. The average floor area of new dwellings consented in Palmerston North has been declining since 2006, when the average was 220m^2, to 147m^2 in the year to December 2020. The overall decline in the average floor area of all new dwellings influenced by:

a. more houses being constructed without an attached garage. The construction of relocatable houses in the city since 2017 is an important contributor to the decline, since none have an attached garage

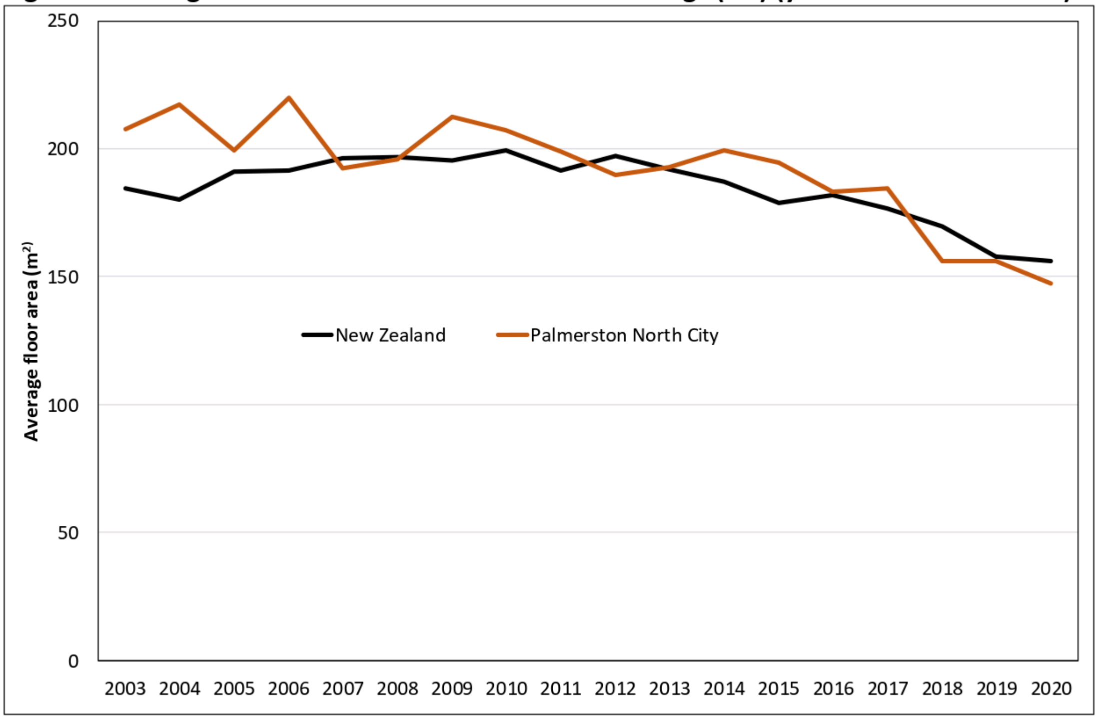
b. the retirement village units and apartments approved for the BUPA retirement village,

c. the new housing units in the Council's Papaioea flats complex, the 46 apartments constructed by the Soho Group and an increasing numbers of consents Kāinga Ora for one- and two-bedroom houses.

3.11. The two main greenfield growth areas in 2019 and 2020, Poutoa and Ashhurst, also show a gradual decline in average floor area for new dwellings consented. The average for Ashhurst increased between 2005 and 2014 but has averaged just over 180m^2 over the past four years. Average floor area has also been declining in Poutoa since peaking at 290 m^2 in 2007 and was 211 m^2 in the four years to December 2020.

3.12. The average dwelling size in the Tremaine area unit was just 115 m^2 in the last four years, where the majority of dwellings consented were relocatable houses and units in the BUPA retirement village.

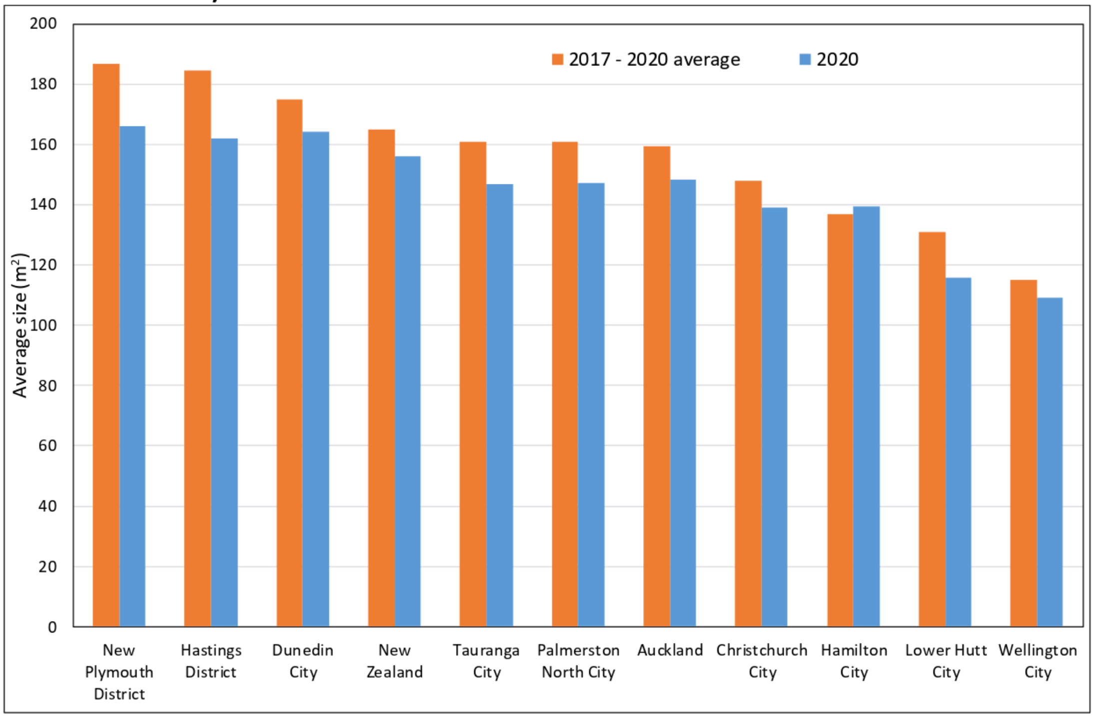
Figure 5: Average floor area of consents for new dwellings (m²) (years ended December)



Source: Statistics New Zealand

3.13. The average size of new dwellings consented over the past four years in Palmerston North compares favourably with other urban areas, with smaller average sized dwellings than Tauranga, Dunedin, New Plymouth and Hastings, but larger than Auckland, Christchurch, Hamilton, Lower Hutt and Wellington.

Figure 6: Average floor area (m²) of consents for new dwellings in major urban areas (years ended December)



Source: Statistics New Zealand

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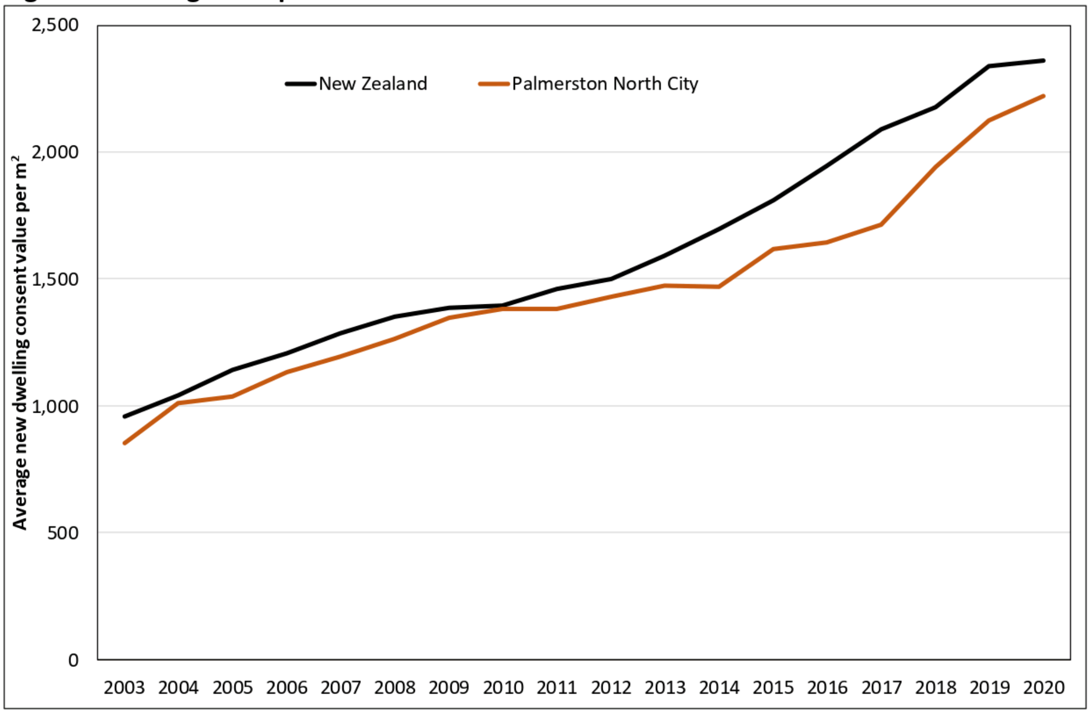
3.14. The average value of new dwellings consented in Palmerston North peaked at $332,054 in 2019, but the decline in the average size of houses consents has resulted in a small decline to $327,319 in 2020. The estimated cost of construction per m^2 for houses consented in Palmerston North in the year ended December 2020 was $2,222 per m^2, an increase of 4.5% from 2019, while the average for New Zealand was $2,360 per m^2, an increase of 1.0% from 2019. The rate of increase in consent values per m^2 in Palmerston North has been higher than for New Zealand over the past three years. It is likely some of this increase is due to the increase in the number of small dwellings consented.

Figure 7: Average cost per m^2 for construction of new houses

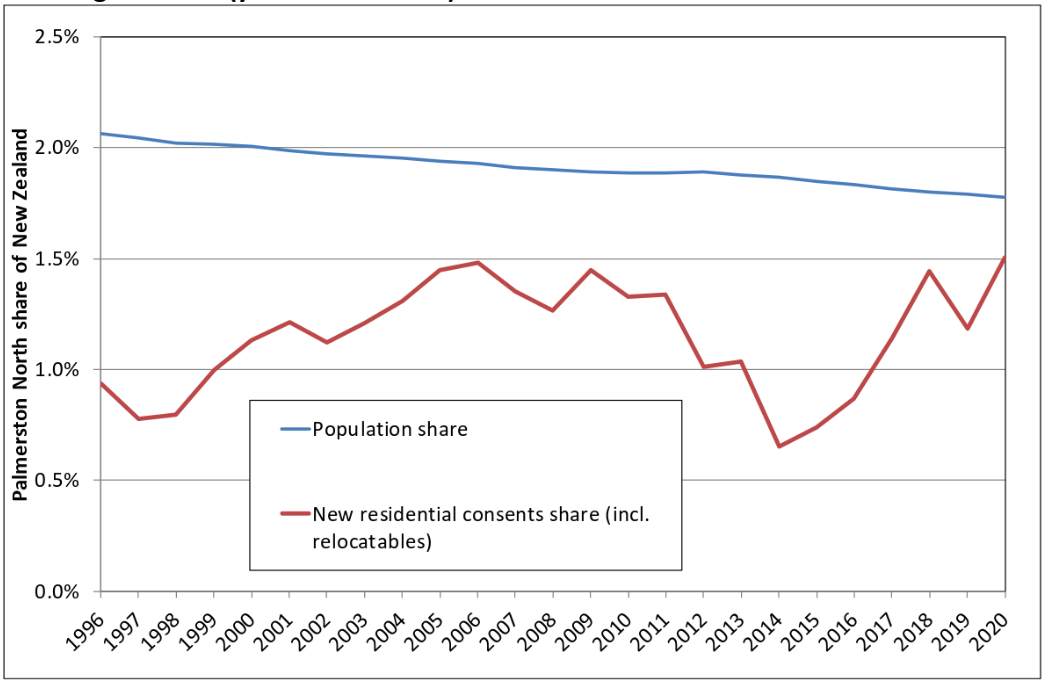


Source: Statistics New Zealand

3.15. The number of houses consented in Palmerston North in the year ended December 2020 was 5.8 dwellings per 1,000 residents, the highest recorded in the 25 years for which annual population estimates are available. National consents for new dwellings were 7.8 per 1000 residents.

3.16. The number of new dwellings consents per 1000 residents in Palmerston North has been consistently below the ratio for New Zealand. That has been a contributing factor in the city's gradual decline in its share of New Zealand's population. In 1996 the city's population of 77,100 people accounted for a 2.1% share of New Zealand's population, but by 2000 the city's population of 90,400 people accounted for a 1.8% share of New Zealand's population. Figure 7 compares the city's share of national new dwelling consents and the total population for New Zealand. The increase in the number of new houses consents in the last five years has narrowed the gap between the two series, but the 565 houses consented in the year to June 2020 was 1.5%, still below the city's 1.8% share of New Zealand's population. A 1.8% share of national building consents would have required 675 new dwellings to have been consented in the city in the year to June 2020. It is important to note that to maintain parity with New Zealand, the number of new houses consented would have to be higher than 675 dwellings due to the number of houses exported from the city to other areas.

Figure 8: Palmerston North share of total New Zealand population and annual new dwelling consents (years ended June)

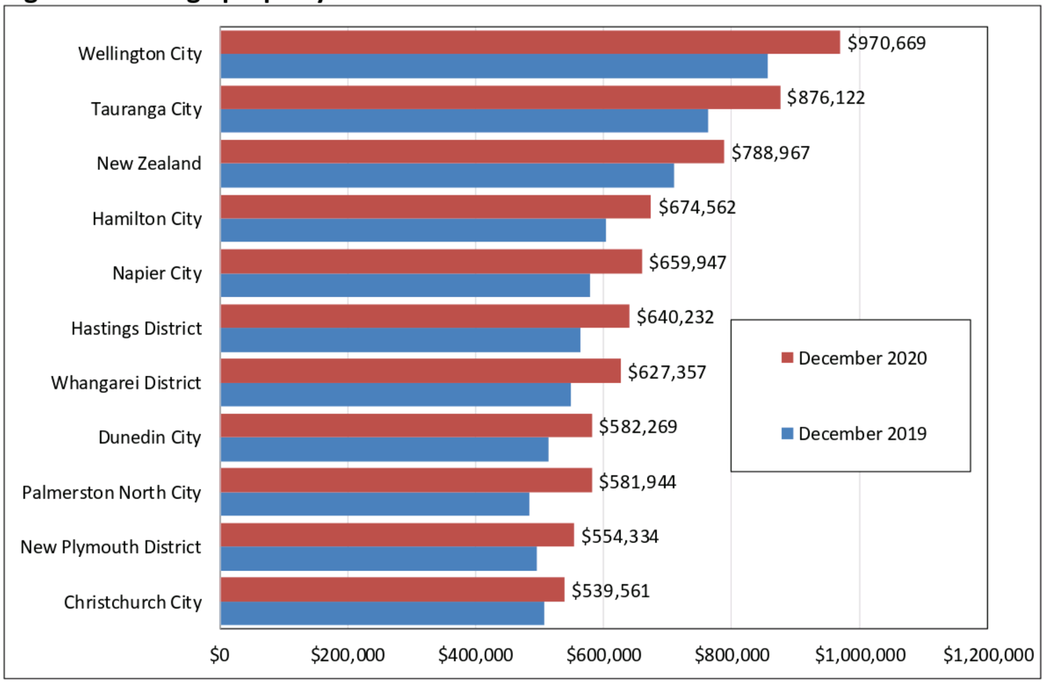


Source: Statistics New Zealand

3.17. The number and value of consents issued in Palmerston North for residential additions and alterations declined by 15% and 13% respectively in the year ended December 2020. The total number of consents issued in the year ended December 2020 was 389 and the total value was $13.7 million. Data is not recorded by Statistics New Zealand on the amount of floor area added to existing dwellings or the change in the number of bedrooms through additions or alterations.

Residential property values and houses sales volumes

Figure 9: Average property values in December 2020

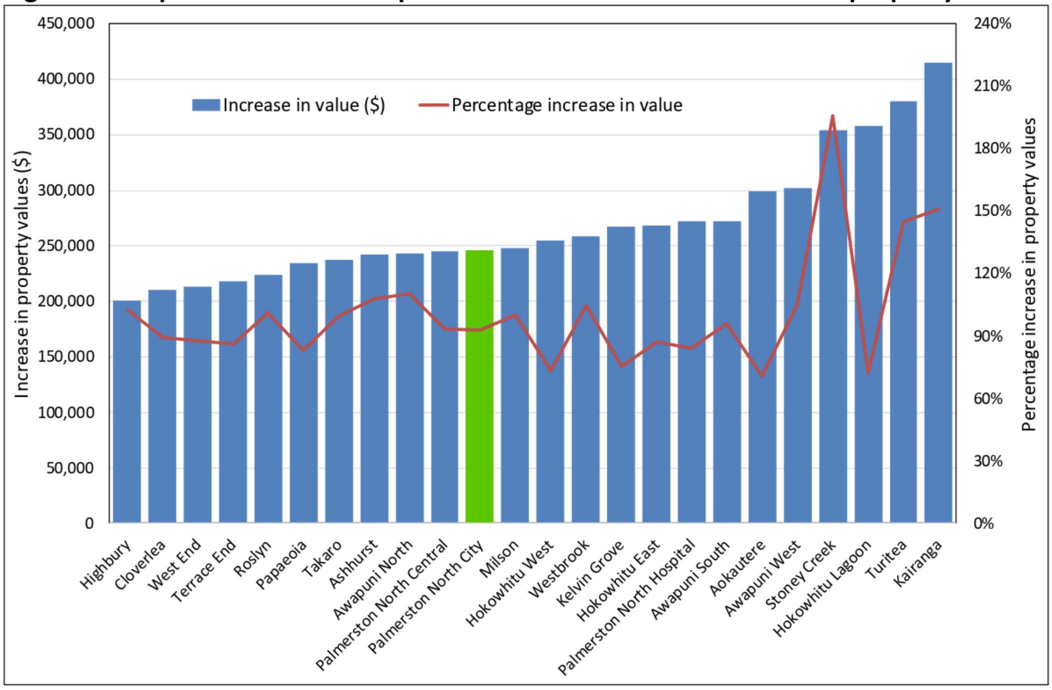


Source: Quotable Value

3.18. Average residential property values in Palmerston North were $581,944 in the three months to December 2020, an increase of $98,249 from December 2019, or 20.3% increase. New Zealand house values increased to $788,967 in the three months ended December, increasing by $78,838 from December 2019, or 11.1% increase. The average value of $483,700 in Palmerston North in December 2019 was lower than for comparable sized urban areas, but by December 2020 the average house value in Palmerston North was higher than average values in Christchurch and New Plymouth.

3.19. Area unit data for change in average property values between September 2010 and September 2020 shows that the rate of growth in property values was consistent across the Palmerston North urban area, but was stronger in rural area units. Within the urban area, the percentage rate of change in property values was generally higher in area units with lower average property values in 2010.

Figure 10: September 2010 to September 2020 increase in residential property values



Source: MBIE

3.20. The MBIE/MfE price-cost ratio for Palmerston North increased from 1.02 in 2015 to 1.39 in 2020. The ratio measures the gap between house prices and construction costs in each urban area. It was developed as an indicator of the extent to which house price increases are driven by construction costs or the cost of land. The current ratio is the same as the previous peak in the ratio in 2007.

3.21. House sales in Palmerston North declined by 7% in the year to December 2020, while total sales for New Zealand increased by 8%. Real Estate Institute data for the Manawatū/Whanganui region suggest the fall in sales has been primarily due to a significant reduction in housing stock available for sale. The number of days to sell in the region is well below the 10-year average for the region.

Rental property trends

3.22. Improvements in Census housing stock data means it is difficult to compare 2013 and 2018 census data for sector of landlords. In 2013, 561 renting households did not provide information on the sector of their landlord, while in 2018 there were only 15 households for which sector of landlord data was not available. This means it is difficult to determine how much of the change between 2013 and 2018 was due to increased rental property supply or improvements in the rental property data.

3.23. Average weekly dwelling rents in Palmerston North were $370 in the year ended December 2020 (annual average), increasing by 10.1% from 2019. Rents have increased more strongly in other territorial authorities in the Manawatū/Whanganui region (apart from Ruapehu and Tararua districts), reducing the difference in weekly rents between the city and neighbouring areas. Average rents in the region increased by $107 per week between 2016 and 2020, while the increase for Palmerston North was $87 per week.

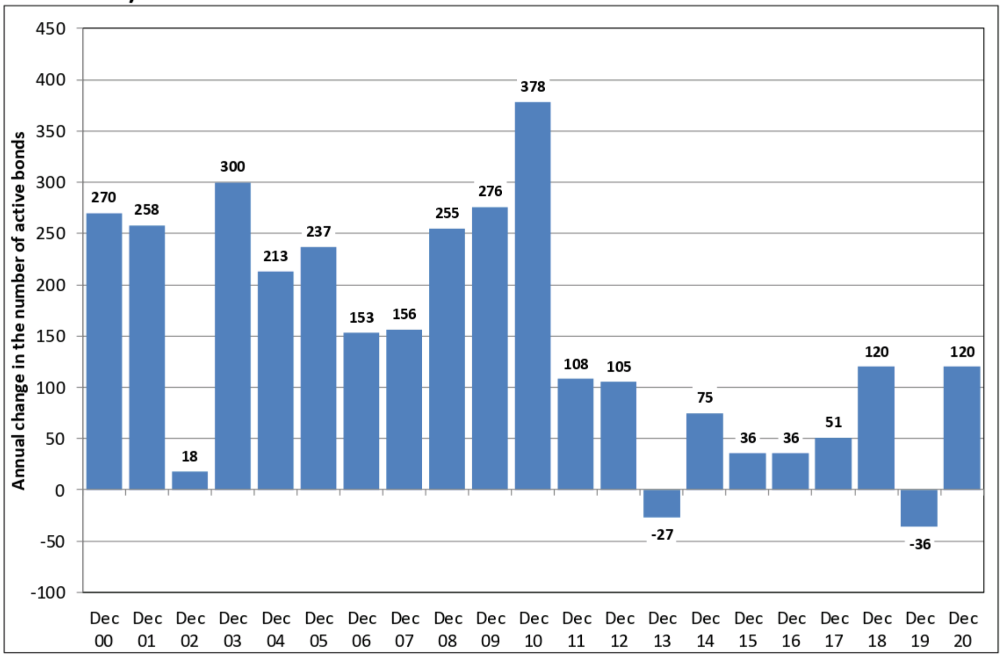
Table 1: Average annual rents in the Manawatū/Whanganui region (years ended December)

Territorial authority and region	Years ended December		2016 - 2020 change	
	2016	2020	$	%
New Zealand	$379	$459	$80	21%
Horowhenua District	$240	$370	$130	54%
Manawatū District	$265	$370	$105	40%
Palmerston North	$283	$370	$87	31%
Rangitīkei District	$187	$291	$104	56%
Ruapehu District	$193	$253	$61	31%
Tararua District	$181	$260	$79	43%
Whanganui District	$222	$346	$124	56%
Manawatū-Whanganui	$247	$354	$107	43%

Source: MBIE Tenancy Services

3.24. There were 120 more active residential rental bonds in Palmerston North registered by the Ministry of Business, Innovation and Employment (MBIE) at the end of December 2020 compared with December 2019. This was an increase of 1.6% from December 2019. There was an increase of 1.9% in total active bonds in New Zealand in the year to December 2020.

Figure 11: Annual change in the number of active residential rental bonds (years ended December)



Source: MBIE

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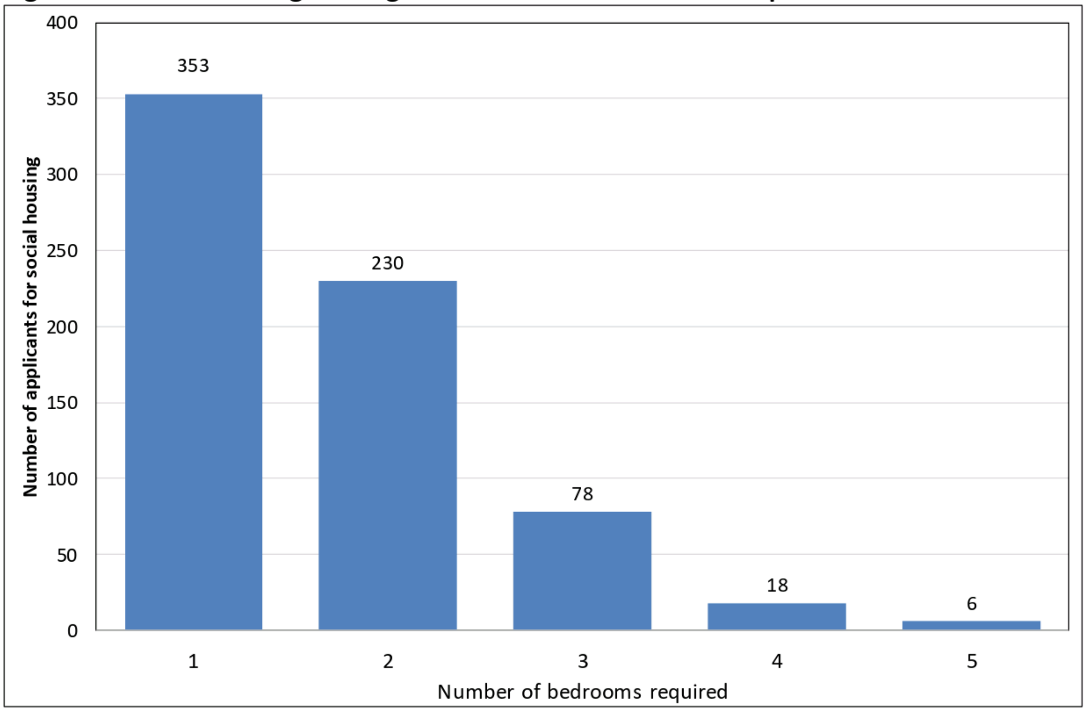
3.25. Annual change in rental stock has been volatile since 2012, but the overall trend has been for weaker growth in private sector rental stock, even though there has been a faster rate of increase in net housing stock in the city. An increase in the rate of housing ownership has contributed to this weakness, but increased Kainga Ora (Housing New Zealand) activity in the rental market may also be a contributor, as it has attempted to address the sudden increase in its waiting list since 2015.

3.26. The waiting list for social housing in Palmerston North has increased from 20 households in December 2014 to 685 households December 2020. The Housing Register identifies the number of applicants not currently in public housing who have been assessed as eligible, and who are ready to be matched to a suitable property.

Figure 12: Social housing waiting list – number of bedrooms required in December 2020



Source: MSD

3.27. The waiting list data provides a useful indication of the increasing demand for small houses. In December 2020 there were 353 households (52% of the waiting list) requiring a one-bedroom house and 230 households (34%) requiring a two-bedroom house.

Housing Affordability

3.28. Housing affordability is calculated using estimates for household income and the cost of housing, either for purchase or for rent. The Infometrics household income estimate captures labour market earnings (wages, salaries and self-employment) as well as allowances (e.g. Disability Allowance), benefits (e.g. Jobseeker Support) and superannuation. Investment income is excluded.

3.29. Housing affordability indicators for both home ownership and renting showed a decline in affordability during the year to December 2020. The housing affordability (ownership) ratio in Palmerston North deteriorated from 5.4 times average annual household income in the year to December 2019 to 6.3 in December 2020. The affordability score for New Zealand increased from 6.3 in December 2019 to 6.8 in December 2020.

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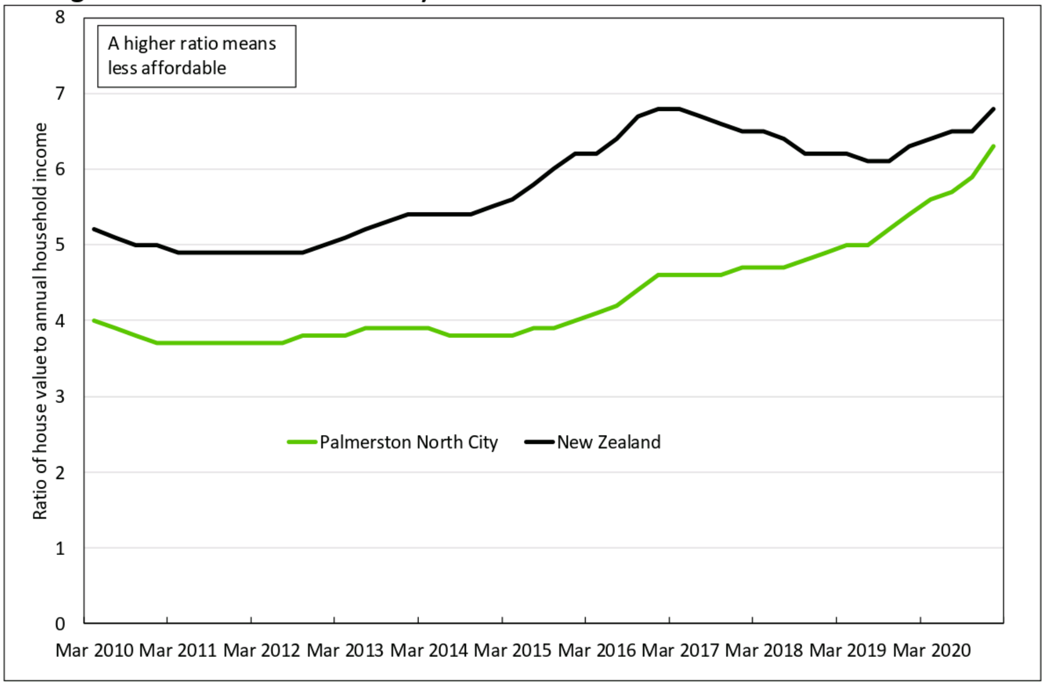
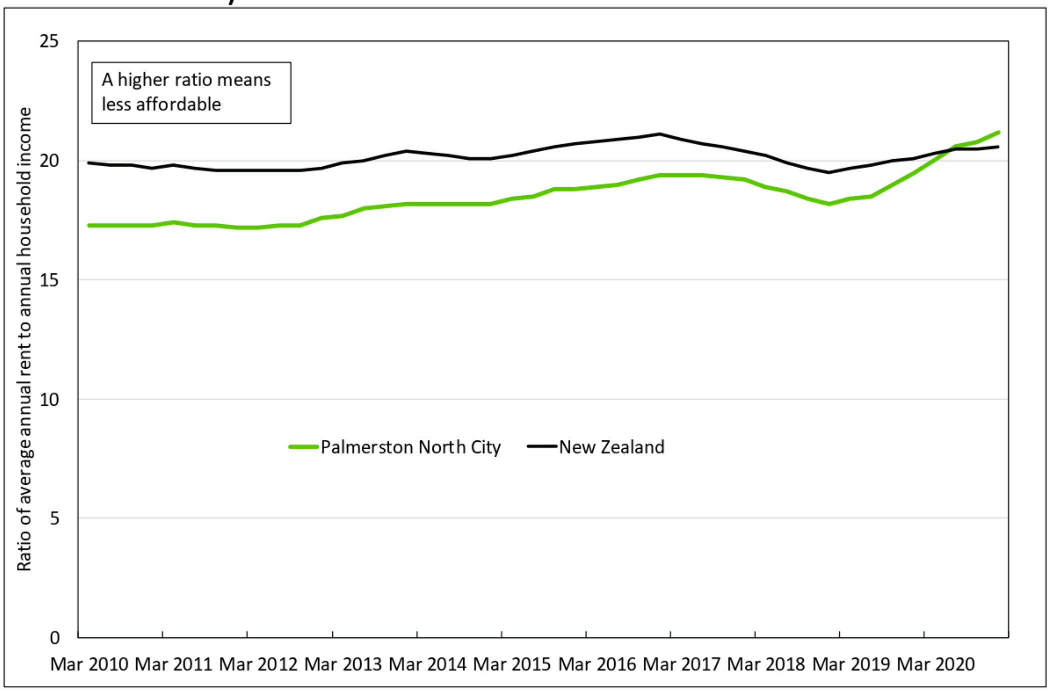
Figure 13: Housing affordability (home ownership) (ratio of average house value to average annual household income)



Source: Infometrics

3.30. Rental affordability in Palmerston North also deteriorated during 2020, with average rents increasing from 19.5% of average annual household income in December 2019 to 21.2% in December 2020. Average annual rents in Palmerston North increased by 10.1% in the year to December 2019. The affordability score for New Zealand increased from 20.1% in December 2019 to 20.6% in December 2019.

Figure 14: Housing affordability (rent) (ratio of average annual rent to average annual household income)



Source: Infometrics

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4. Business Activity

Non-residential building consents

4.1. The value of non-residential consents issued in the year ended December 2020 was $176 million, an increase of 122% from 2019, the highest annual value recorded in the city.

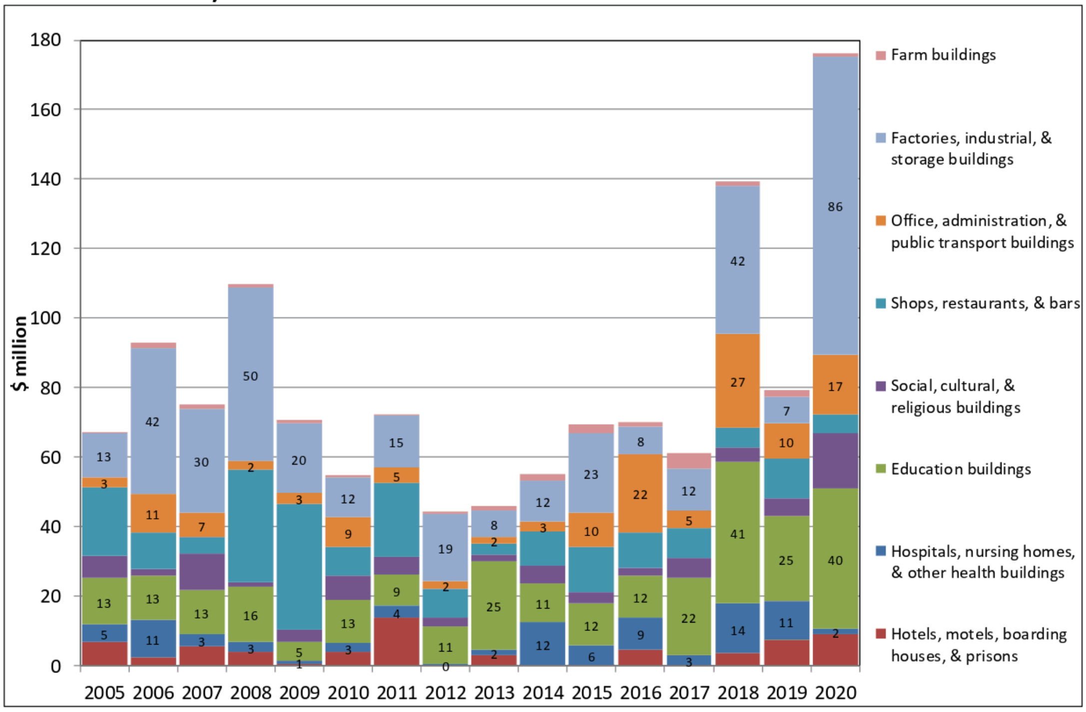
4.2. Major consents approved during 2020 were:

a. Massey University veterinary science facilities,

b. Countdown distribution centre,

c. Toyota structural strengthening of existing buildings,

Figure 15: Non-residential building consents issued by value in Palmerston North (years ended December)

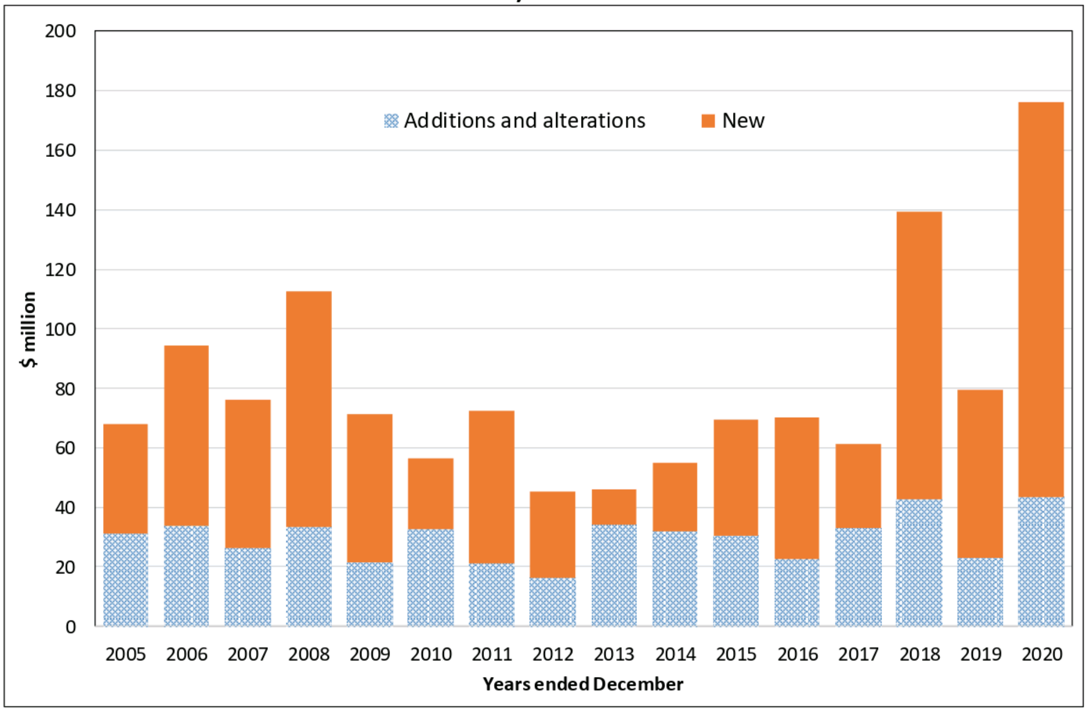


Source: Statistics NZ

4.3. The Countdown and Toyota consents accounted for the largest contribution to the growth in consents for factories, industrial and storage buildings in 2020, but there were also other smaller consents for industrial and storage buildings during 2020.

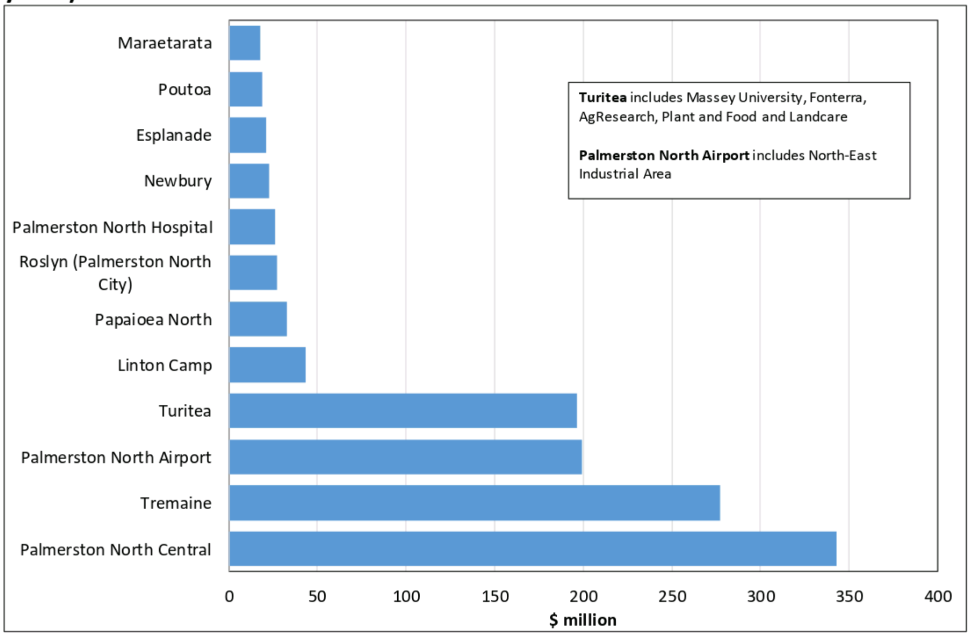
4.4. The annual value of consents for the construction of new non-residential buildings averaged $49 million between 2005 and 2020 while the annual value of consents for additions and alterations to non-residential buildings averaged $30 million. Earthquake strengthening requirements have been an important contributor to the increase in the value of consents for additions and alterations to non-residential buildings, but it is difficult to measure the impact on consent values.

Figure 16: Annual value of non-residential building consents in Palmerston North (new construction vs additions and alternations)



Source: Statistics NZPalmerston North Central area unit accounted for 26% of non-residential building consents (by value) in Palmerston North over the period between 2003 and 2019. Tremaine accounted for a further 21%, Turitea 13% (covers Massey University and research institutes) and Palmerston North Airport 10% (covers the North-East Industrial Zone).

Figure 17: Distribution of non-residential consents by area unit (2003 – 2020 December years)



Source: Statistics NZ

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Commercial property market survey

4.6. The 2020 commercial property survey by Telfer Young was completed in late 2020 and was a follow up to the first survey in 2018. Key results from the survey comparing 2018 and 2020 are:

a. Grade A[2] total floor areas have increased.

b. Grade B total floor areas have remained relatively steady.

c. Grade C total floor areas have reduced except for in the Inner Business Zone.

d. Vacancy levels across nearly all zoning areas and building categories have decreased

e. Rental increases are evident across a range of categories, particularly in new and compliant building categories

4.7. Vacancy rates in the city have reduced between 2018 and 2020, with reductions occurring across all commercial property zones. The average vacancy rate for the city declined from 5.8% in 2018 to 3.1% in 2020. The largest improvement in vacancy rates was in the Inner Business zone, where the rate declined from 11.9% in 2018 to 5.4% in 2020.

Table 2: Palmerston North commercial property vacancy rates by zone

	2018			2020		
Business zone	Ground floor	Upper floor	Total	Ground floor	Upper floor	Total
Airport	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fringe Business	6.6%	3.7%	6.4%	5.6%	0.0%	5.4%
Industrial	3.6%	5.9%	3.7%	2.0%	0.7%	1.9%
Inner Business	10.3%	14.0%	11.9%	3.8%	7.9%	5.4%
Local Business	0.0%	25.7%	4.7%	0.0%	0.0%	0.0%
North East Industrial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Outer Business	6.1%	10.8%	7.0%	3.5%	8.2%	4.4%
Total	**4.8%**	**11.5%**	**5.8%**	**2.5%**	**6.5%**	**3.1%**

Source: Blackmore and Associates Limited trading as TelferYoung Manawatū

4.8. The commercial property market over the past 12 - 18 months has seen modern well-tenanted properties achieving strong demand at low investment yields (5% – 6%). There remains strong occupancy in industrial locations, particularly for modern versatile properties. Owner-occupiers have been active in the purchase of property, influenced by low funding costs.

4.9. Industrial land and construction activities show strong demand and short supply. This, together with low funding costs is influencing upward pressure on prices.

4.10. The North-East and East Terrace industrial areas are experiencing strong growth. The availability of land in the North-East Industrial area remains complicated by developer land-

[2] Grade A – New and modern buildings (i.e. post 2000 builds)
Grade B – 1960s to 1990s buildings
Grade C – Pre-1960s and earthquake prone status buildings
Adjustments are made to finalise grading by reference to physical viewing (i.e. refurbished, modernised buildings may be B grade rather than C grade

banking and a volume of unserviced land holdings. The KiwiRail regional freight hub development is further diminishing land supply.

4.11. There remains other vacant industrial land within the city boundary but some of this is not available to the market or compromised by infrastructural constraints, particularly at Works Road, Longburn.

5. Outlook for major construction projects in Palmerston North and the wider region

5.1 Major development and construction projects announced or under development for Palmerston North and the Manawatū region amount to at least $4 - $5 billion of construction activity over the period to 2035. Some projects are still waiting for final approval, one of the largest being the construction of the MidCentral DHB acute services block. There are several projects under development where final values have not been put on project, such as the construction of the new KiwiRail freight hub, but estimates have been included in the summaries below.

5.2 New capital projects and renewals in the Palmerston North City Council 2021-31 10-year plan total $1,319 million. The Palmerston North plan proposes that $206 million (16%) of the capital budget of $1,319 million will be funded externally. Some of this, such as the Council's contribution to the Palmerston North Integrated Transport Initiative (PNITI) ($109 million), is counted twice in the list of projects below. The draft capital expenditure budget for the City Council will not be confirmed until late June this year. The Manawatū District 2021-31 10-year plan proposes capital expenditure of $225 million, primarily on roading and water supply, wastewater and stormwater projects.

Table 3: Major construction projects (2020 – 2035)

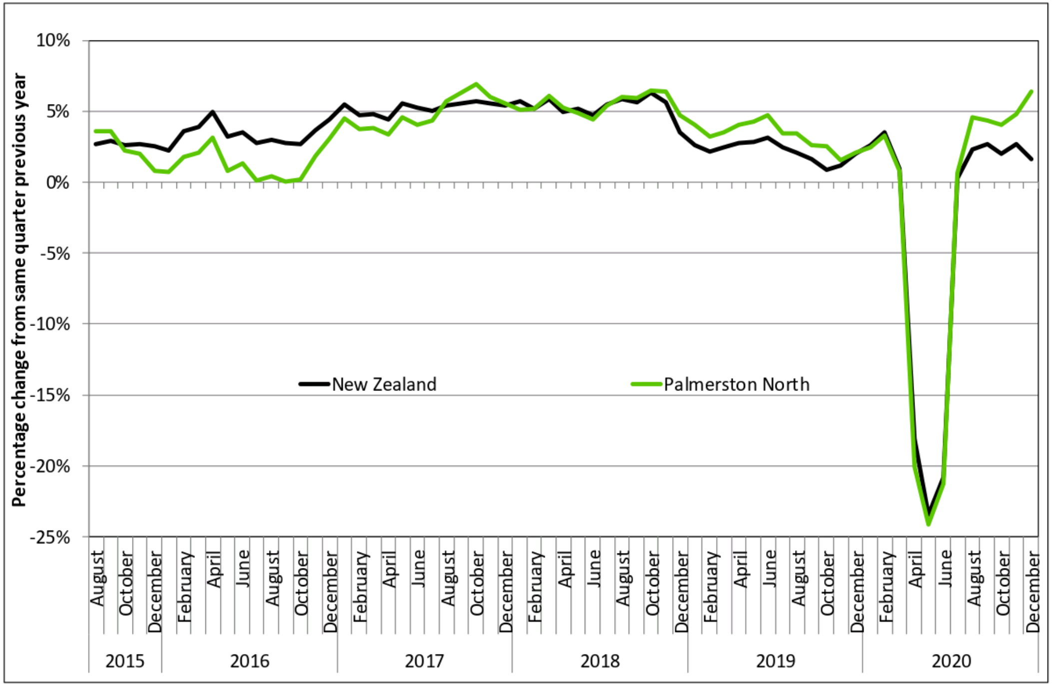
Major construction projects	$ million	Timing
Te Ahu A Turanga (Manawatū Gorge)	650	start January 2020
Linton and Ohakea regeneration plan 2019	660	2019 - 2035
Mercury Energy - Turitea	450	2019 - 2021
Massey University capital plan	230	2020 - 2030
Powerco growth and security projects	245	2017 - 2024
Hokowhitu campus redevelopment	90 - 135	started late 2019
MidCentral DHB surgical and mental health	57	early 2021
MidCentral DHB acute services block	370	timing uncertain
PN Integrated Transport Investment	335 - 370	timing uncertain
KiwiRail regional freight hub	cost and timing to be confirmed	
PNCC capital investment (draft)	*1,317*	*2021 - 2031*
Manawatū District - capital investment (draft)	*225*	*2021 - 2031*
Countdown distribution centre	66	2020 - 2021

Source: Palmerston North City Council

6. Retail trends

6.1. Total electronic card retail spending increased by 6.0% in Palmerston North in December 2020 quarter, while national retail growth was 1.5%. The closure of many shops due to COVID19 Level-3 and 4 restrictions between 25 March and 13 May 2020 contributed to a 0.7% decline in retail spending in the year ended December 2020, while total spending in New Zealand declined by 4.3%. The rate of growth for the city has been ahead of the growth rate for New Zealand for most of the period since the September 2017 quarter, supported by strong growth in spending by residents at local merchants.

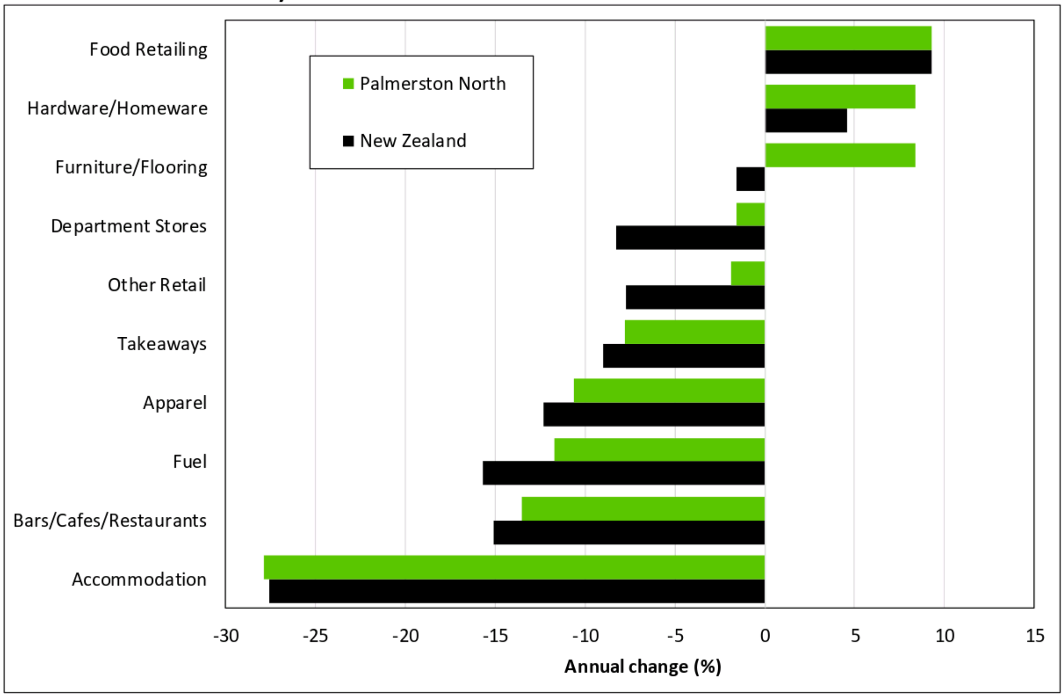
Figure 18: Quarterly change in the value of electronic card retail spending



Source: Marketview

6.2. Food retailing (supermarkets, liquor stores and other specialised food retailers) accounted for 30% of total electronic card spending in the year to December 2019. The value of fuel spending was affected by a 13.1% decline in fuel prices in the year to December 2020

Figure 19: Change in Palmerston North electronic card retail spending by sector (year ended December 2019)

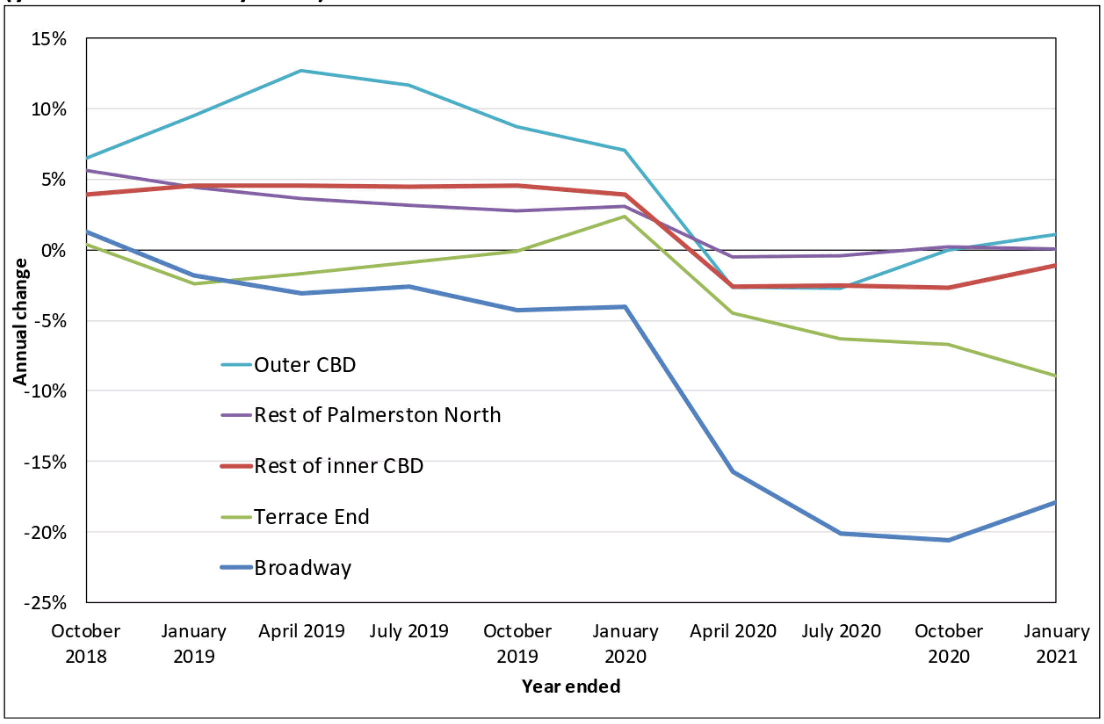


Source: Marketview

19

6.3. Electronic card spending data for the 12-months ended January 2021 shows a 2.6% decline in annual spending in the CBD. Declines in spending at bars/cafes/restaurants, apparel and takeaways were the largest contributors to the decline in spending. The strongest rate of growth was in the outer CBD zone, where spending increased by 1.1%, while growth in the rest of Palmerston North was 0.1%.

Figure 20: Change in Palmerston North electronic card retail spending by retail precinct (year ended January 2021)



Source: Marketview

6.4. Total electronic card visitor spending in the city in the year ended February 2021 was $241 million, ranking it 12th overall among the 67 local authorities. Tourism spending in the city declined by 7.7% in the 12 months ended February, a smaller decline than the national 18.9% decline in national tourism spending. Domestic visitor electronic card spending was $229 million, declining by 5.9% from the previous year, while international card spending was $12 million, a decline of 32.6% from the previous year (New Zealand international card spending declined by 68%). MBIE is currently unable to distinguish between spending on international cars by New Zealanders returning home to New Zealand and international visitors, so isn't defining international card spending as tourism.

6.5. The 'retail sales – other' category is the biggest sector for tourism expenditure in Palmerston North. It includes apparel, appliances, department stores, furniture and flooring, hardware and homeware and other general retail stores. Total spending by visitors in the 'retail sales – other' category was $100 million in the year to February 2021, an average of $274,000 per day.

6.6. The Manawatū-Whanganui region is the largest source of visitor spending in the city, following by visitors from the Wellington and Auckland regions.

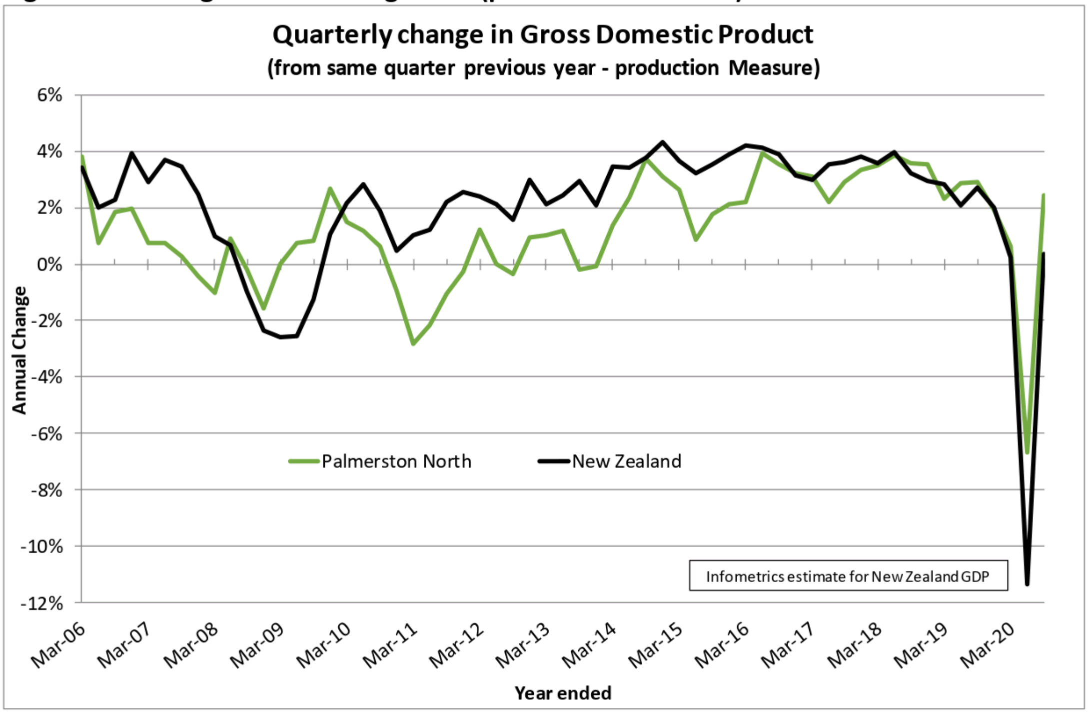
7. Gross domestic product (GDP)

7.1. The latest Infometrics GDP estimates suggest Palmerston North GDP declined by 0.7% in the 12 months ended December 2020. National GDP was estimated to have declined by 2.6%.

Quarterly GDP estimates suggest GDP growth in the city slowed from 2.4% growth in the September quarter to 0.6% growth in the December quarter, but this is inconsistent with the strengthening in retail growth in the December quarter.

7.2. The Infometrics estimates for 2020 are provisional and will be revised once employment data is published later this year. GDP growth in Palmerston North in 2021 is expected to be high in the first half of 2021 due to only minimal impact from the reintroduction of COVID-19 Level-2 restrictions in February. There will be support for GDP growth in the city from major construction projects in the city.

Figure 21: Average annual GDP growth (production measure)



Source: Infometrics

8. Employment trends

Earnings

8.1. Annual earnings (salaries, wages and self-employment income) paid in the city in the year ended March 2019 were $3,027 million, increasing by 5.6% from the previous year, while earnings for New Zealand increased by 4.7%. Salaries and wages were $2,723 million in the year to March 2019, increasing by 7.0% from the previous year, while self-employment income was $304 million, declining by 5.4% from the previous year. The share of income from self-employment is just 10% of total income, well below the 17.7% average for New Zealand. This is mainly due to the high share of salary and wage income from the government sector, which accounted for 30.9% of total earnings in the year ended March 2018.

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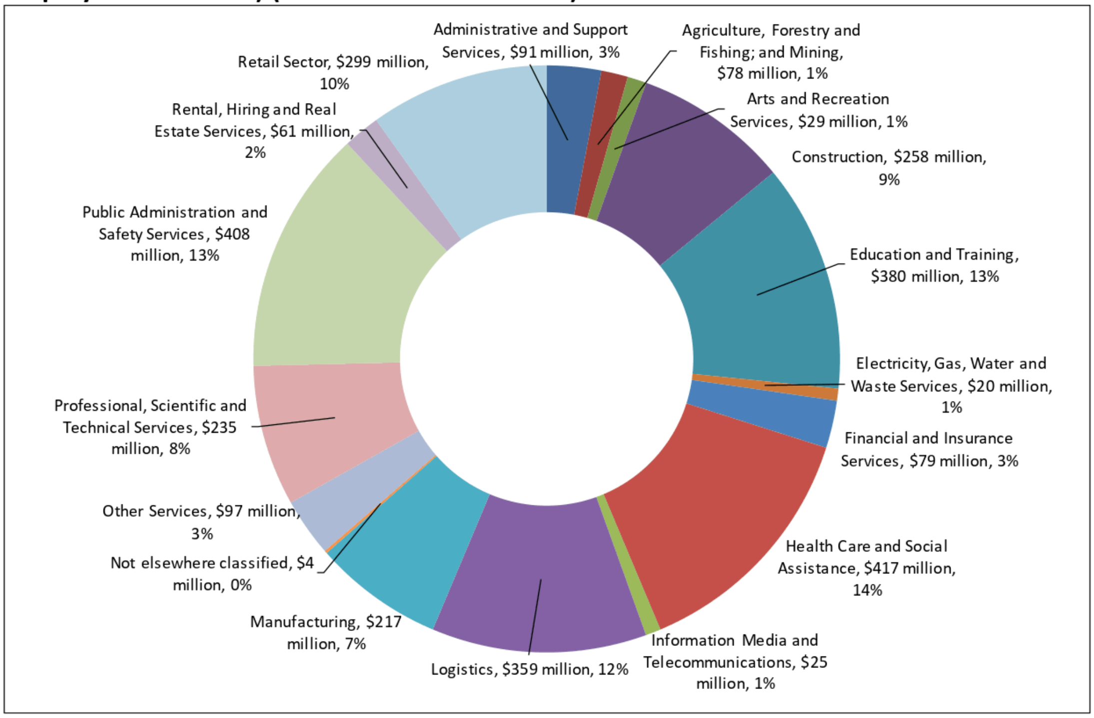
Figure 22: Distribution of earnings in Palmerston North (salaries, wages and self-employment income) (Year ended March 2019)



Source: Statistics NZ

8.2. Health care and social assistance is the largest sector for earnings from salaries, wages and self-employment, contributing 14% of total earnings in the city. Other major sectors in the city are; education and training, public administration and safety (include defence), logistics and retail (including accommodation and food services).

Employee counts

8.3. The total employee count in Palmerston North in February 2020 was 52,200, an increase of 1.8% from February 2019, an increase of 900 jobs from 2019 (the growth rate for New Zealand was 1.2%). Revisions to the employee count for 2019, increased the annual growth in employment between 2019 and 2019 to 1,300 jobs. That followed an increase of 1,800 jobs in the year to February 2018.

8.4. The largest increases in employment between 2019 and 2020 were in the health care and social assistance sector (500 jobs) the construction sector (450 jobs) and education (300 jobs). The largest decline in employment was in the retail sector, where there was a decline of 250 jobs.

8.5. The biggest contributor to job growth between 2000 and 2020 was the public administration and safety sector, with an additional 2,950 jobs created between 2000 and 2020. Other major contributions to employment growth came from the health care and social assistance (additional 2,800 jobs), logistics (additional 2,000 jobs) and construction (additional 2,100 jobs).

Table 4: Change in employee counts between February 2000 and February 2020

	Palmerston North			New Zealand		
All industries	Employee count	2000 - 2020 change		Employee count	2000 - 2020 change	
ANZSIC06	2020	Number	%	2020	Number	%
Agriculture, Forestry and Fishing	630	120	24%	120,800	18,900	19%
Mining	25	16	178%	5,700	2,150	61%
Manufacturing	3,300	-350	-10%	235,200	-1,000	0%
Electricity, Gas, Water and Waste Services	230	-30	-12%	18,900	9,900	110%
Construction	4,300	2,200	105%	183,300	107,400	142%
Wholesale Trade	3,500	1,400	67%	116,700	26,100	29%
Retail Trade	4,900	700	17%	221,500	54,400	33%
Accommodation and Food Services	2,800	300	12%	174,300	69,500	66%
Transport, Postal and Warehousing	1,900	600	46%	98,500	15,200	18%
Information Media and Telecommunicatior	330	-650	-66%	32,200	-13,700	-30%
Financial and Insurance Services	760	10	1%	58,100	16,500	40%
Rental, Hiring and Real Estate Services	900	380	73%	34,900	14,600	72%
Professional, Scientific and Technical Servic	2,650	300	13%	189,000	87,500	86%
Administrative and Support Services	2,500	550	28%	123,500	45,700	59%
Public Administration and Safety	6,200	2,950	91%	137,300	61,500	81%
Education and Training	6,400	1,400	28%	195,600	62,100	47%
Health Care and Social Assistance	7,900	2,800	55%	250,100	97,600	64%
Arts and Recreation Services	930	220	31%	44,600	17,700	66%
Other Services	2,000	600	43%	76,600	25,500	50%
Total	**52,200**	**13,500**	**35%**	**2,317,000**	**717,500**	**45%**
Earnings for all industries (salaries, wages and self-employment income)	Earnings ($m)	2000 - 2019 change		Earnings ($m)	2000 - 2019 change	
	2019	($m)	%	2019	($m)	%
Total earnings	**3,027**	**1,757**	**138%**	**157,248**	**97,159**	**163%**

Source: Statistics NZ

8.6. Palmerston North Central area unit is the largest area unit for employment, with 15,700 employees counted in February 2020, accounting for 31% of total employment in Palmerston North. It was also the largest contributor to employment growth between 2000 and 2020, with an increase of 3,700 jobs (31% increase). The second largest increase was in the Tremaine area unit, where employee numbers increased by 3,600 over this period, an increase of 64%.

8.7. The strongest rate of increase between 2000 and 2020 was in the Palmerston North Airport area unit, which includes the industrial zone to the north-east of the city. The number of jobs in the area unit increased from 160 in 2000 to 1,790 in 2020 (increase of 1119%), with the largest contributions coming from increased employment in the grocery, liquor and tobacco product wholesaling and road transport industry sectors. Linton Camp had 3,400 employees in 2020, increasing by 1,500 (79% increase) from 2000. The Turitea area unit covers the Massey University campus and research institutes.

Table 5: Employee counts and 2000 – 2020 employment change for Palmerston North area units

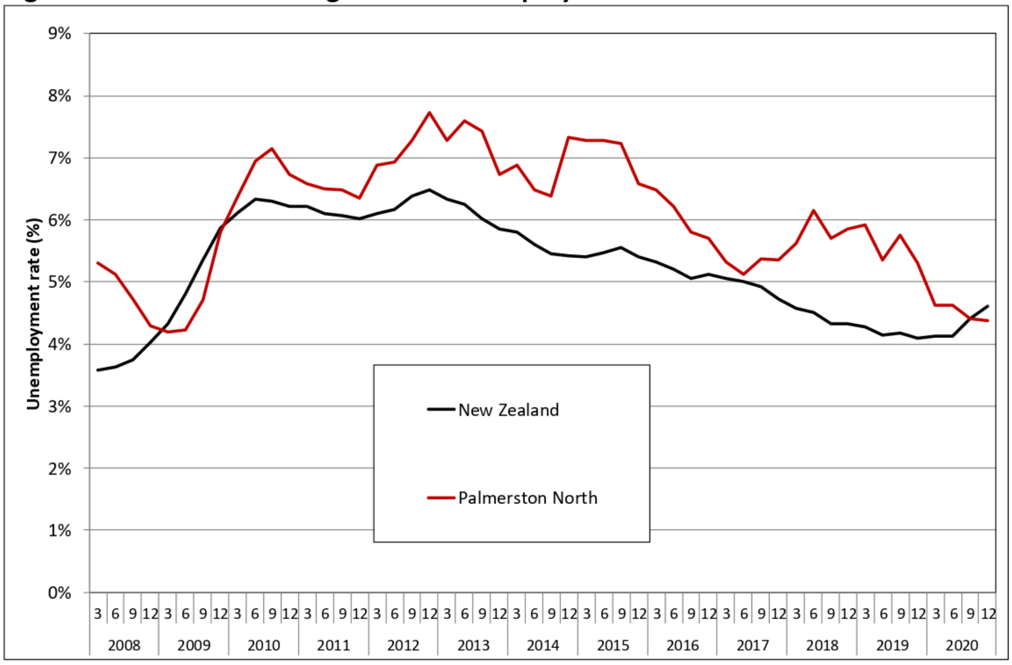
Employee count as at February 2020	2020	2000 - 2020 change	
	Number	Number	%
Palmerston North City	**52,200**	**13,500**	**35%**
Palmerston North Central	15,700	3,700	31%
Tremaine	9,200	3,600	64%
Turitea	4,300	400	10%
Palmerston North Hospital	3,700	800	28%
Linton Camp	3,400	1,500	79%
Palmerston North Airport	1,950	1,790	1119%
Papaioea North	1,050	-200	-16%
Newbury	1,000	180	22%
Takaro North	1,000	40	4%
Roslyn	1,000	410	69%
West End	860	490	132%
Papaioea South	770	200	35%
Esplanade	610	-30	-5%
Hokowhitu East	550	-120	-18%
Ruahine	460	210	84%
Awapuni South	440	120	38%
Poutoa	440	270	159%
Highbury East	430	90	26%
Milson South	370	-380	-51%
Whakarongo	360	140	64%
Terrace End	360	50	16%
Milverton	350	-70	-17%
Ashhurst	350	140	67%
Royal Oak	330	220	200%
Maraetarata	310	60	24%
Kelvin Grove North	290	225	346%
Takaro South	280	-50	-15%
Hokowhitu Central	270	160	145%
Ruamahanga	250	80	47%
Pihauatua	250	-370	-60%
Milson North	210	-370	-64%
Awapuni North	210	-30	-13%
Westbrook	200	20	11%
Kelvin Grove West	160	10	7%
Park West	140	-40	-22%
Pioneer West	120	25	26%
Cloverlea	110	10	10%
Aokautere	85	20	31%
Aokautere Rural	85	30	55%
Hokowhitu South	80	5	7%

Source: Statistics NZ

Unemployment

8.8. The average rate of unemployment in Palmerston North in the year to December 2020 was 4.4%, while the unemployment rate for New Zealand was 4.5%. The unemployment rate in the city has declined significantly since peaking at 7.7% in December 2012.

Figure 23: Estimated average annual unemployment rate



Source: Statistics NZ/ Infometrics

8.9. Palmerston North's unemployment rate is generally higher than the average for New Zealand due to its young population. The median age for the city's population was estimated to be 34.2 years in June 2020 while the median for New Zealand was 37.4 years.

MEMORANDUM

TO:	**Planning & Strategy Committee**
MEETING DATE:	**30 June 2021**
TITLE:	**Whiskey Creek Private Plan Change Request**
PRESENTED BY:	**Michael Duindam, Acting City Planning Manager**
APPROVED BY:	**David Murphy, Chief Planning Officer**

RECOMMENDATIONS TO PLANNING & STRATEGY COMMITTEE

1. **That the Whiskey Creek Private Plan Change request by Flygers Investment Group Ltd, included as attachment 1 to the memorandum titled 'Whiskey Creek Private Plan Change Request' presented to the Planning & Strategy Committee on 30 June 2021, be accepted pursuant to Section 25(2)(b), Part 2 of the First Schedule of the Resource Management Act 1991.**
2. **That the Whiskey Creek Private Plan Change request by Flygers Investment Group Ltd be publicly notified in accordance with Section 26, Part 2 of the First Schedule of the Resource Management Act 1991.**

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1. ISSUE

Flygers Investment Group Ltd (FIGL) have applied for a private plan change request (the request) to rezone 12.9 hectares of Rural Zone land to Residential Zone at 611 Rangitikei Line. The rezoning proposal is located on the western side of Rangitikei Line between the Mangaone Stream bridge and Flygers Line. The rezoned land immediately adjoins residential dwellings on Meadowbrook Drive that currently form the urban/rural boundary of the city.

2. BACKGROUND

If approved, the request would provide for a residential development of 158 residential sections, plus a small area for a commercial activity to support the residential development. In addition, 10 hectares of Rural Zone land would be rezoned to Recreation Zone, to create a planted, landscaped border to the city. 18 hectares of the property would remain zoned Rural.

Only part of the land between the urban boundary and Flygers Line can be rezoned due to flooding from the Mangaone Stream spillway scheme. FIGL have been working closely with

Horizons Regional Council (Horizons) to determine the extent of flooding and potential risks to the development. FIGL and Horizons have agreed that earthworks can be undertaken to raise part of the land to enlarge the area that can be used for Residential purposes. FIGL have also met with PNCC officers on several occasions.

FIGL have undertaken community consultation on their draft proposal, which is detailed in their request. This feedback has shaped the preparation of the request. Formal public consultation under the Resource Management Act 1991 (RMA 1991) would be triggered if Council accepts the request for public notification.

The applicant has proposed to adopt the existing residential greenfield growth provisions within the District Plan that have been adopted by the Council in recent years. This is consistent with other plan changes that the Council is finalising for Kaktangiata and Aokautere. This includes the use of a structure plan to guide future development.

The National Policy Statement on Urban Development, introduced in July 2020, requires councils to provide sufficient development capacity to meet expected demand for housing. The request will assist the City in providing additional housing capacity, consistent with the requirements of the National Policy Statement on Urban Development.

Description of Options – Legislative Context

Part 2 of the First Schedule of the RMA 1991 outlines the statutory process the Council must follow when processing a private plan change request.

Clause 25, Part 2 of the First Schedule RMA 1991 requires a local authority within 30 working days of receiving a private plan change request (subject to sufficient information being provided) to decide how to process the plan change request.

The Council may either –

(a) Adopt the request as if it were a plan change made by the Council; or

(b) Accept the request and proceed to publicly notify the request; or

(c) Deal with the request as if it were an application for a resource consent; or

(d) Reject the request in whole or in part.

At this point in the process, Council consideration is limited to the 4 options above. It is not necessary at this time to report on the overall merits of the request. This will occur once the public notification process has occurred. Officer’s recommendations will be reported as part of an officer’s report to a Hearings Panel.

Under Clause 25(4) of Part 2, First Schedule RMA 1991, Council may reject a request in whole or in part, but only on limited grounds. Those grounds are:

a) The request or part of the request is frivolous or vexatious; or

b) The substance of the request of part of the request has been considered and given effect to or rejected by the local authority or Environment Court within the last 2 years; or

c) The request or part of the request is not in accordance with sound resource management practice; or

d) The request of part of the request would make the policy statement or plan in consistent with Part 5; or

e) In the case of a proposed change to a policy statement or plan, the policy statement or plan has been operative for less than 2 years.

There is a presumption in the RMA 1991 that private plan change requests will be determined on their merits following public notification, unless one of the grounds for refusal applies. If the Council refused, or agreed to the request only in part, the person who made the request could appeal to the Environment Court against the Council's decision. The Environment Court may then make such a decision as it sees fit.

Discussion of Clause 25(4) Part 2 RMA options

Should the request be rejected in whole or in part?

An appropriate first step is to consider whether the request should be rejected. As stated above, Clause 25(4) limits the grounds for rejection to five specific criteria, which are considered separately below.

Criteria a)

The request or part of the request is frivolous or vexatious.

Officers are satisfied that the application is neither frivolous or vexatious. A comprehensive application has been provided.

Criteria b)

The substance of the request of part of the request has been considered and given effect to or rejected by the local authority or Environment Court within the last 2 years.

This is the first time an application to rezone this land to residential has been made.

Criteria c)

The request or part of the request is not in accordance with sound resource management practice.

The focus of this clause is aimed at rejecting private plan change requests that, for procedural reasons, are contrary to sound resource management practice. This may include where a District Plan is imminent or where for other reasons it would not be efficient to consider the request further at that time.

In this instance there are no sound resource management reasons to reject this private plan change request.

Criteria d)

The request or part of the request would make the policy statement or plan inconsistent with Part 5 RMA.

Part 5 RMA relates to National Environmental Standards, National Policy Statements, the Regional Policy Statement and Regional Plans. Officers are satisfied that the request will not make the overall District Plan inconsistent with Part 5 RMA. In fact, the request is consistent with the National Policy Statement for Urban Development that requires councils to provide more land for housing.

Criteria e)

In the case of a proposed plan change to a policy statement or plan, the policy statement or plan has been operative for less than 2 years.

The District Plan has been operative throughout and after the sectional review.

Summary – Clause 25(4)

Officers therefore consider that there are no grounds for rejection in whole or in part of the private plan change request based on the above RMA criteria.

Should the request be processed as a resource consent? – Clause 25(3)

The request is to rezone rural zoned land to both residential and recreation zones. Part of the land is within the District Plan Flood Prone Areas Overlay.

If the application was processed as a resource consent, it would immediately be a non-complying activity because the residential and recreation zones do not provide for residential activities. A plan change request is the most appropriate process in this case.

Should the request be adopted by Council or accepted as a private plan change? Clause 25(2) (a) & (b)

The Council is currently progressing plan changes for residential growth at Kakatangiata, Ashhurst, Roxburgh Crescent and Aokautere in addition to its own development at Whakarongo. Officers have already reallocated all available resources to address these plan changes. The Whiskey Creek private plan change request is relatively small at 158 additional residential sections, compared to the Council plan changes mentioned above. It is therefore recommended that the private plan change request be accepted by Council, not adopted by Council. This means the request will proceed (be accepted) as a private plan change at the cost of the applicant. If the Council adopted the request it would also need absorb the costs.

3. NEXT STEPS

If the request is accepted by Council it will then be publicly notified for submissions. Further consideration of issues in accordance with s.32 of the RMA will be undertaken as part of the officer's report presented to a hearings panel. A further and full assessment of the private plan change request will be undertaken once submissions has closed.

The hearings panel has the right to decline, approve or approve with modifications the request.

It is recommended that the private plan change request be accepted and publicly notified.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? Section 182 of the Delegations Manual	**Yes**
Are the decisions significant?	**Yes**
If they are significant do they affect land or a body of water?	**Yes**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**No**
Is there funding in the current Annual Plan for these actions?	**No**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the City Development Strategy It is also providing for housing choice with multi-unit housing overlooking the Whiskey Creek reserve.	
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan	

The action is: Rezone land and review of District Plan provisions to ensure land supply continues to exceed demand by 20%, including a structure plan for Aokautere.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The request will enable a range of housing at a time of high demand and slow supply. The rehabilitation of the Whiskey Creek corridor will provide walk and cycle ways through an area planted in native vegetation, adding to the network in the city. The applicant is working with local iwi to incorporate naming recognition, storytelling and indigenous biodiversity into the development. It also enables more housing choices with multi-unit housing proposed next to Whiskey Creek.

ATTACHMENTS

1. Private Plan Change Request for Whiskey Creek Residential Area by Flygers Investment Group Ltd **(attached separately)**

COMMITTEE WORK SCHEDULE

TO: **Planning & Strategy Committee**

MEETING DATE: **30 June 2021**

TITLE: **Committee Work Schedule - June 2021**

RECOMMENDATION(S) TO PLANNING & STRATEGY COMMITTEE

1. That the Planning & Strategy Committee receive its Work Schedule dated June 2021.

ATTACHMENTS

1. Committee Work Schedule June 2021 ⇩

PLANNING & STRATEGY COMMITTEE

COMMITTEE WORK SCHEDULE – JUNE 2021

Item No.	Estimated Report Date	Subject	Person Responsible	Current Position	Date of Instruction/ Point of Origin
1.	~~May~~ August 2021	Draft Procurement Policy targeting social and environmental impact	Chief Financial Officer	Policy with senior management	19 August 2019 Clause 54.3
2.	~~June~~ August 2021	Draft Trade Waste Bylaw	Chief Planning Officer	In progress	12 August 2020 Clause 27-20
3.	August 2021	Report on road user behaviour and options for mitigating safety concerns on East Street	Chief Infrastructure Officer		12 May 2021 Clause 10-21
4.	August 2021	Community Support Policy – Draft for consultation			
5.	October 2021	The Future Use of Huia Street Reserve – Update Report	Chief Planning Officer		
6.	TBA	Transport Portfolio	Councillor Brent Barrett		
7.	June 2022	Palmerston North Civic and Cultural Precinct Masterplan – options	Chief Planning Officer	Seeking expressions of interest to progress report	1 April 2019 clause 16.1